ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

STAFF REPORT

MEETING DATE: 11/9/2021 **Staff Report No.** 21-504

TO:	**Distict Parcel Tax Fiscal Oversight Committee**
FROM:	**Michael A. Hursh, General Manager**
SUBJECT:	**FY 2020 - 2021 Measure VV/C1 Financial Statement**

ACTION ITEM

RECOMMENDED ACTION(S):

Review the Measure VV/C1 Financial Statement and consider the adoption of Resolution No. 21-001 determining that the Measure VV/C1 funds collected during the 2020-21 Fiscal Year have been appropriated and expended in Special Transit Service District No. 1 for operation and maintenance activities.

- History of the District 1 - District 2 Allocation Methodology;
- Measure VV/C1 Agreed Upon Procedure, including an Hours and Miles Comparison for District 1/District 2;
- AC Transit Audited Financial Statements (includes the D1/D2 Report and Supplemental Schedule).

BUDGETARY/FISCAL IMPACT:

There are no budgetary or fiscal impacts associated with this report.

BACKGROUND/RATIONALE:

The parcel tax was initially enacted in 2002. Proceeds from this special tax can only be used to fund the operations and maintenance of bus service within District 1. In 2008, the voters in District 1 approved Measure VV, which increased the tax to $96 per year per parcel for a 10-year period.

In 2016, the voters in District 1 approved Measure C1, which extended the expiration date of the Parcel Tax until 2039. Measure VV proceeds are specifically designated for the operation and maintenance of bus services and this revenue is essential to the sustainability of operations in District 1.

Measure VV funds for Operations and Maintenance Expenses by County and Special Transit Service District for the fiscal year ending June 30, 2021 are shown in Attachment 2 - Measure VV Schedules with Independent Auditor's Report.

Revenue Collection History for Measure VV/C1

Measure	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21
VV**	$29.5M	$29.6M	$29.7M	$29.6M	$30.1M

On November 12, 2008, the Board of Directors adopted Resolution 08-064 establishing the Alameda-Contra Costa Transit District Parcel Tax Fiscal Oversight Committee. The Committee is required to meet at least once per year to determine that funds generated by the District's parcel tax measures have been expensed in accordance with the intentions of the voters. In addition, the Committee is required to provide a written report and resolution regarding its findings to the Board of Directors and during the same time frame that the Chief Financial Officer makes his/her report on the annual fiscal year audit. In accordance with this resolution, the Committee is requested to review the use of Measure VV funds as accounted for in the attached report and to provide a written report and/or resolution to the AC Transit Board of Directors at the Regular Board meeting on December 10, 2021. Resolution 21-001 is attached for the Committee's consideration in confirming that the Measure VV funds collected during the 2020-21 fiscal year have been appropriated and expended in District 1 for operations and maintenance activities.

ADVANTAGES/DISADVANTAGES:

There are no advantages or disadvantages associated with this report.

ALTERNATIVES ANALYSIS:

There are no alternatives as this report is a requirement for the Parcel Tax Fiscal Oversight Committee.

PRIOR RELEVANT BOARD ACTION/POLICIES:

Staff Report 20-390, FY 2019-20 Measure VV/C1 Tax Proceeds to AC Transit Special Transit Service District. Resolution 10-001

ATTACHMENTS:

1. Resolution 21-001
2. Measure VV Agreed Upon Procedures
3. Schedules for Districts No. 1 and No. 2
4. AC Transit Audited Financial Statements; Year Ended June 30, 2021
5. Presentation

Prepared by:
Kenneth Myers, Acting Controller

Approved/Reviewed by:
Chris Andrichak, Chief Financial Officer
Michael A. Hursh, General Manager
Jill A. Sprague, General Counsel

ALAMEDA-CONTRA COSTA PARCEL TAX FISCAL OVERSIGHT COMMITTEE
RESOLUTION NO. 21-001

A RESOLUTION DETERMINING THAT THE MEASURE VV/C1 FUNDS COLLECTED DURING THE 2020-21 FISCAL YEAR HAVE BEEN APPROPRIATED AND EXPENDED IN SPECIAL TRANSIT SERVICE DISTRICT NO. 1 FOR OPERATION AND MAINTENANCE ACTIVITIES

WHEREAS, on November 5, 2002, the voters in Special Transit Service District No. 1 ("District 1") approved Measure AA which imposed a $24 dollar per parcel per year tax on properties in District 1 for five years, for the operation and maintenance of AC Transit's activities in District 1; and

WHEREAS, AC Transit Resolution No. 2098 created the Measure AA Oversight Committee for the purpose of determining that the monies collected under Measure AA were spent in District 1 for the operation and maintenance of AC Transit's services in District 1, as those terms are defined in AC Transit Resolution No. 2067; and

WHEREAS, on November 2, 2004, the voters in District 1 approved Measure BB, increasing the amount of the parcel tax to $48.00 per parcel per year for ten years commencing on July 1, 2005; and

WHEREAS, as a consequence of the passage of Measure BB (with an increased time period and amount) Resolution No. 05-031 was adopted repealing Resolution No. 2098 and establishing the Measure AA/BB Oversight Committee, appointed its membership and amended Resolutions No. 2067 and 2135 modifying the reporting period from September 20th to December 31st of each year; and

WHEREAS, on November 4, 2008, the voters in District 1 approved Measure VV, increasing the amount of the parcel tax to $96.00 per parcel per year for ten years, commencing on July 1, 2009; and

WHEREAS, on November 8, 2016, the voters in District 1 approved Measure C1 which extended the expiration date of the parcel tax for a period of 20 years until 2039; and

WHEREAS, a regular meeting of the Alameda-Contra Costa District Parcel Tax Fiscal Oversight Committee ("the Committee") was held on November 9, 2021, during which the Committee reviewed information provided by Alameda-Contra Costa Transit District's Chief Financial Officer contained in Staff Report No. 21-504.

NOW THEREFORE, the Parcel Tax Fiscal Oversight Committee of the Alameda-Contra Costa Transit District does resolve as follows:

Section 1. Determines that the monies collected pursuant to Measure VV/C1 during the 2020-21 Fiscal year were appropriated and expended for the operation and maintenance of AC Transit services in District 1.

Section 2. Authorizes the transmittal of a copy of this resolution to the AC Transit Board of Directors.

Section 3. This resolution shall become effective immediately upon its passage by four affirmative votes of the Alameda-Contra Costa Transit District Parcel Tax Fiscal Oversight Committee.

PASSED AND ADOPTED this 9th day of November, 2021.

____
Chair

Attest:

____
Linda A. Nemeroff, District Secretary

I, Linda A. Nemeroff, District Secretary for the Alameda-Contra Costa Transit District, do hereby certify that the foregoing Resolution was passed and adopted at a special meeting of the Alameda-Contra Costa Transit District Parcel Tax Fiscal Oversight Committee held on the 9th day of November, 2021, by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

____
Linda A. Nemeroff, District Secretary

Approved as to Form and Content:

____
Jill A. Sprague, General Counsel

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

MEASURE VV AGREED UPON PROCEDURES

June 30, 2021

MEASURE VV AGREED UPON PROCEDURES
June 30, 2021

TABLE OF CONTENTS

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES........... 1

SCHEDULE OF SERVICE HOURS AND SERVICE MILES BY COUNTY AND SPECIAL TRANSIT SERVICE DISTRICT 5

SCHEDULE OF OPERATIONS AND MAINTENANCE EXPENSES FUNDED BY MEASURE VV TAXES BY COUNTY AND SPECIAL TRANSIT SERVICE DISTRICT 6

SCHEDULE OF MAINTENANCE COSTS FUNDED BY MEASURE VV TAXES BY COUNTY AND SPECIAL TRANSIT SERVICE DISTRICT 7

NOTES TO THE SCHEDULE OF SERVICE HOURS AND SERVICE MILES BY COUNTY AND SPECIAL TRANSIT SERVICE DISTRICT AND THE SCHEDULE OF OPERATIONS AND MAINTENANCE EXPENSES FUNDED BY MEASURE VV TAXES BY COUNTY AND SPECIAL TRANSIT SERVICE DISTRICT 8

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by management and the Board of Directors of the Alameda-Contra Costa Transit District (the District), solely to assist you in evaluating service hours, service miles, and the allocation of operations and maintenance expenses by county and Special Transit Service District (STSD) set forth in the accompanying schedules for the year ended June 30, 2021. The District's management is responsible for the accompanying schedules. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

General

a) We read the Measure VV voter approved ballot measure noting that the ten-year parcel tax is levied for the purposes of providing essential transportation services, including the operation and maintenance of bus services within District 1.

Step performed without exception.

b) We traced Measure VV funds received for the year ended June 30, 2021 to the District's general ledger and to the independent confirmations received from the County of Alameda and the County of Contra Costa.

Step performed without exception.

Schedule of Service Hours and Service Miles By County and Special Transit Service District

a) We tested the schedule for clerical accuracy.

Step performed without exception.

b) We compared service hours for the year ended June 30, 2021 to the worksheets prepared by the District.

Step performed without exception.

c) We compared STSD No. 1 service hours for the year ended June 30, 2021 to the worksheets prepared by the District.

Step performed without exception.

d) We recomputed the net changes in service hours during the year ended June 30, 2021 by county and STSD.

Step performed without exception.

e) We compared STSD No. 1 miles by county for the year ended June 30, 2021 to the worksheets prepared by the District.

Step performed without exception.

f) We recomputed the net changes in service miles during the year ended June 30, 2021 by county and STSD.

Step performed without exception.

Schedule of Operations and Maintenance Expenses Funded by Measure VV Taxed by County and Special Transit Service District

a) We tested the schedule for mathematical accuracy.

Step performed without exception.

b) We compared total expenses to the District's unaudited Statement of Revenues, Expenses, and Changes in Fund Net Position for the Transit Fund for the year ended June 30, 2021.

Step performed without exception.

c) We recomputed the total expenses before allocation by county and STSD.

Step performed without exception.

d) We compared service hours and service miles by county and STSD to the Schedule of Service Hours and Service Miles by county and STSD.

Step performed without exception.

e) We recomputed the service hours and service miles allocation percentages.

Step performed without exception.

f) We traced expenses, allocated by county and STSD, to a worksheet prepared by the District. We noted that the District computed the allocated expenses for Contra Costa County, STSD No. 1 as follows:

$$\text{Total Expenses before allocation By County and STSD} \times \frac{\text{Service Hours allocation \% } (a) + \text{Service Miles allocation \% } (b)}{2}$$

$$(a)\ \text{Service Hours allocation \%} = \frac{\text{Contra Costa County STSD 1 Service Hours}}{\text{Total STSD 1 Service Hours}}$$

$$(b)\ \text{Service Miles Allocation \%} = \frac{\text{Contra Costa County STSD 1 Service Miles}}{\text{Total STSD 1 Service Miles}}$$

Step performed without exception.

g) We recomputed expenses allocated to Contra Costa County, STSD No. 1 using the above calculation and compared to the amounts calculated by the District.

Step performed without exception.

h) We compared the method used to allocate operations and maintenance expenses to Alameda STSD No. 2 to the District's stated allocation methodology.

Step performed without exception.

i) We noted that the District computed the allocated expenses for Alameda County STSD No. 1 as follows:

Total expenses before allocation by county and STSD	-	Expenses allocated to Contra Costa County STSD No. 1	=	Expenses allocated to Alameda County
Expenses allocated to Alameda County	-	Expenses allocated to Alameda County STSD No. 2	=	Expenses allocated to Alameda County STSD No. 1

j) We noted that the District allocated total operations and maintenance expenses to STSD No. 1 by adding the sum of expenses allocated to Contra Costa County STSD No. 1 plus expenses allocated to Alameda County STSD No. 1.

Step performed without exception.

k) We recomputed the total allocation of operations and maintenance expenses to Alameda County and Contra Costa County STSD No. 1.

Step performed without exception.

l) We verified that the Measure VV proceeds received by the District did not exceed the operations and maintenance expenses allocated to STSD No. 1.

Step performed without exception.

m) We noted that total District operations and maintenance expenses allocated to STSD No. 1 exceeded Measure VV funding of $30,053,598 by $402,206,380 for the year ended June 30, 2021.

Step performed without exception.

n) We recalculated the total revenues and capital contributions and expenses for STSD No. 2.

Step performed without exception.

o) Calculate the cost coverage ratio for STSD No. 2 as defined by total operating revenues plus capital contributions for STSD No. 2 divided by total operating expenses for STSD No 2.

Step performed without exception.

Schedule of Maintenance Costs Funded By Measure VV Taxes By County and Special Transit Service District

a) We obtained the Schedule of Maintenance Costs Funded by Measure VV Taxes (Schedule) from the District.

Step performed without exception.

b) We agreed Total Modal Expenses reported on the Schedule for function code 041 Vehicle Maintenance and 042 Non-vehicle Maintenance to the District's National Transit Database Report, Operating Expenses (F-30) form.

Step performed without exception.

c) We recalculated the percentage used to allocate costs reported on the Schedule by using expense allocations reported in the Special Transit Service Districts No. 1 and No. 2 Schedule with Independent Accountant's Report.

Step performed without exception.

d) We agreed Measure VV Taxes to the Special Transit Service Districts No. 1 and No. 2 Schedule with Independent Accountant's Report.

Step performed without exception.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying schedule. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management and the Board of Directors of the District and the Measure VV parcel tax oversight committee and is not intended to be, and should not be, used by anyone other than the specified parties.

Crowe LLP

San Francisco, California
November <>, 2021

	For the Year Ended June 30, 2020	Net Increase/ (Decrease)	For the Year Ended June 30, 2021
SERVICE HOURS			
Contra Costa - STSD No. 1	272,531	(57,698)	214,833
Alameda - STSD No. 1	1,511,352	(185,940)	1,325,412
Alameda - STSD No. 2	176,629	(17,583)	159,046
Total Alameda service hours	1,687,981	(203,523)	1,484,458
Total STSD No. 1 service hours	1,783,883	(243,638)	1,540,245
Total Service Hours	1,960,512	(243,638)	1,699,291
SERVICE MILES			
Contra Costa - STSD No. 1	2,434,447	(503,105)	1,931,342
Alameda - STSD No. 1	15,337,778	(2,037,617)	13,300,161
Alameda - STSD No. 2	2,321,493	(32,800)	2,288,693
Total Alameda service miles	17,659,271	(2,070,417)	15,588,854
Total STSD No. 1 service miles	17,772,225	(2,540,722)	15,231,503
Total Service Miles	20,093,718	(2,540,722)	17,520,196

	Before Allocation By County	Contra Costa County STSD #1	Alameda County STSD #1	Alameda County STSD #2	Alameda County Total	Total STSD #1
Expenses						
Operator wages	$ 75,776,168	$ 9,083,954	$ 59,144,908	$ 7,547,306	$ 66,692,214	$ 68,228,862
Other wages	73,013,659	8,631,143	56,196,692	8,185,824	64,382,516	64,827,835
Fringe benefits	156,474,307	18,630,868	121,304,105	16,539,334	137,843,439	139,934,973
Pension expenses	33,190,331	3,951,861	25,730,252	3,508,218	29,238,470	29,682,113
Services	36,687,603	4,336,941	28,237,483	4,113,179	32,350,662	32,574,424
Fuel and lubricants	8,795,500	1,039,740	6,769,665	986,095	7,755,760	7,809,405
Office/printing supplies	604,533	71,464	465,293	67,776	533,069	536,757
Bus parts/maintenance supplies	12,111,326	1,431,713	9,321,769	1,357,844	10,679,613	10,753,482
Utilities	4,105,800	485,358	3,160,126	460,316	3,620,442	3,645,484
Insurance	11,496,265	1,359,005	8,848,372	1,288,888	10,137,260	10,207,377
Other expenses	9,509,645	1,124,161	7,319,323	1,066,161	8,385,484	8,443,484
ADA paratransit joint venture	20,584,634	2,248,362	14,638,905	3,697,367	18,336,272	16,887,267
Interest expense	510,443	60,449	393,582	56,412	449,994	454,031
Depreciation	43,107,411	5,095,844	33,178,640	4,832,927	38,011,567	38,274,484
Total expenses	$ 485,967,625	57,550,863	374,709,115	53,707,647	428,416,762	432,259,978
Measure VV revenues		5,358,510	24,695,088	-	24,695,088	30,053,598
Net deficit		$ (52,192,353)	$ (350,014,027)	$ (53,707,647)	$ (403,721,674)	$ (402,206,380)
Service Hours	1,699,291	214,833	1,325,412	159,046		1,540,245
Allocation Percentage	100.00%	12.64%	78.00%	9.36%		90.64%
Service Miles	17,520,196	1,931,342	13,300,161	2,288,693		15,231,503
Allocation Percentage	100.00%	11.02%	75.91%	13.06%		86.94%
Average	100.00%	11.83%	76.96%	11.21%		88.79%

Maintenance Costs and Funding	STSD #1 Amount	STSD #1 Percentage	STSD #2 Amount	STSD #2 Percentage	Total
Total model expenses					
041 Vehicle maintenance	$ 57,073,278	88.95%	$ 7,091,268	11.05%	$ 64,164,546
042 Non-vehicle maintenance	12,578,813	88.95%	1,562,898	11.05%	14,141,711
Total maintenance costs	69,652,091		8,654,166		78,306,257
Measure VV taxes	30,053,598	100.00%	-	0.00%	30,053,598
Net costs funded by other resources	$ 39,598,493		$ 8,654,166		$ 48,252,659

NOTE 1 - GENERAL

On November 30, 2004, the voters approved Measure BB, which superseded the Measure AA parcel tax authorizing Alameda and Contra Costa Counties (the Counties) to levy and collect a parcel tax for the purposes of "preserving affordable local public transportation services that allow seniors and people with disabilities to remain independent, take students to and from school, help East Bay residents commute to work and reduce traffic and air pollution by reducing the number of cars on the road." The tax became effective on July 1, 2005 and was to terminate on June 30, 2016. 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 originally effective through June 30, 2019, but voters approved the extension through June 30, 2039. Proceeds from this special tax can only be used to fund the operation and maintenance of bus service within Special Transit Service District (STSD) No. 1. The District received approximately $30.1 million in Measure VV taxes during the year ended June 30, 2021.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SCHEDULE PRESENTATION

These schedules are prepared under the guidelines of the agreement between the Contra Costa Transportation Authority and the Alameda-Contra Costa Transit District that essentially allocates expenses between STSD No. 1 and STSD No. 2. Consequently, they do not present the financial position, changes in financial position, or cash flows of the Alameda-Contra Costa Transit District.

NOTE 3 - BASIS OF ACCOUNTING

The Schedule of Operations and Maintenance Expenses by County and Special Transit Service District has been prepared in accordance with the accrual basis of accounting.

NOTE 4 - BASIS OF EXPENSE ALLOCATION

The expenses on the Schedule of Operations and Maintenance Expenses by County and Special Transit Service District are prorated to the Counties and the Special Transit Service Districts. It is based on an equal weighing of the relationship of hours and miles of service between the Counties and the Special Transit Service Districts within the Counties.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

SPECIAL TRANSIT SERVICE
SCHEDULES FOR DISTRICTS NO. 1 AND NO. 2
June 30, 2021

SPECIAL TRANSIT SERVICE
SCHEDULES FOR DISTRICTS NO. 1 AND NO. 2
June 30, 2021

CONTENT

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES........... 1

SCHEDULE OF REVENUES AND EXPENSES BY SERVICE AREA.. 3

NOTES TO THE SCHEDULES OF REVENUES AND EXPENSES BY SERVICE AREA....................... 4

ALLOCATION METHODOLOGY.. 5

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by management and the Board of Directors of the Alameda-Contra Costa Transit District ("the District") solely to assist the specified parties in evaluating the Schedule of Revenues and Expenses by Service Area for the year ended June 30, 2021. The District's management is responsible for the accompanying schedule and allocation methodology. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

General:

A. We have read the Special Transit Service Districts (STSD) No. 1 and No. 2 allocation methodology for consistency with the prior year, and inquired of District Controller for any changes.

   Step performed without exception.

Schedule of Revenues and Expenses by Service Area:

B. We have compared the Schedule to the audited financial statements.

   Step performed without exception.

C. We compared service hours by STSD and by Alameda and Contra Costa Counties for the year ended June 30, 2021 that are used for allocation to the supporting spreadsheets prepared by the District.

   Step performed without exception.

D. We compared the net changes in service hours from the prior year to the year ended June 30, 2021 by Alameda and Contra Costa counties and STSD.

   Step performed without exception. District 1 service hours were 1,540,245 (90.64%) in FY21 and 1,783,883 (90.99%) in FY20. District 2 service hours were 159,046 (9.36%) in FY21 and 176,629 (9.01%) in FY20.

E. We compared service miles by STSD and by Alameda and Contra Costa Counties for the year ended June 30, 2021 that are used for allocation to the supporting spreadsheets prepared by the District.

   Step performed without exception.

F. We compared the net changes in service miles from the prior year to the year ended June 30, 2021 by Alameda and Contra Costa counties and STSD.

Step performed without exception. District 1 service miles were 15,231,503 (86.94%) in FY21 and 17,772,225 (88.45%) in FY20. District 2 service miles were 2,288,693 (13.06%) in FY21 and 2,321,493 (11.55%) in FY20.

G. We recalculated the allocation of each financial statement caption in the Schedule by applying the District's allocation methodology for each caption to the District's total revenue or expense line item amount and compared this to the Schedule provided by the District.

Step performed without exception.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion on the schedule and allocation methodology. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management and the Board of Directors of the District and is not intended to be, and should not be, used by anyone other than the specified parties.

Crowe LLP

San Francisco, California
November <>, 2021

	STSD #1	STSD #2	Total	STSD #2 as a % of Total	Allocation Method-ology
Revenues:					
Passenger fares	$ 11,967,639	$ 580,811	$ 12,548,450	4.63%	(1)
BART transfers	3,496,558	169,694	3,666,252	4.63%	(3)
Contract services	8,155,652	-	8,155,652	0.00%	(14)
Advertising	1,120,540	141,491	1,262,031	11.21%	(2)
Interest income	34,377	5,265	39,642	13.28%	(6)
Other	2,201,048	277,926	2,478,974	11.21%	(14)
Total operating revenues	26,975,814	1,175,187	28,151,001	4.17%	
Subsidies:					
Property taxes	103,949,299	25,280,153	129,229,452	19.56%	(7)
Property taxes - Measure VV	30,053,598	-	30,053,598	0.00%	(10)
Local sales tax - Measure B	31,469,822	2,556,328	34,026,150	7.51%	(11)
Local sales tax - Measure BB	33,564,234	4,238,163	37,802,397	11.21%	(2)
Local sales tax - Measure J	5,592,588	-	5,592,588	0.00%	(10)
Local operating assistance	9,338,440	3,306,135	12,644,575	26.15%	(14)
State - AB1107	38,088,548	5,032,190	43,120,738	11.67%	(15)
State - AB2972 Home to School	1,500,000	-	1,500,000	0.00%	(10)
State - TDA	58,974,104	12,957,296	71,931,400	18.01%	(14)
State - STA	24,494,595	3,790,748	28,285,343	13.40%	(5)
Federal operating assistance	85,872,357	10,555,798	96,428,155	10.95%	(2)
Total subsidies	422,897,585	67,716,811	490,614,396	13.80%	
Total revenue & subsidies	449,873,399	68,891,998	518,765,397	13.28%	
Expenses:					
Operator wages	68,228,862	7,547,306	75,776,168	9.96%	(4)
Other wages	64,827,835	8,185,824	73,013,659	11.21%	(2)
Fringe benefits	139,934,973	16,539,334	156,474,307	10.57%	(13)
Pension expense	29,682,113	3,508,218	33,190,331	10.57%	(13)
Services	32,574,424	4,113,179	36,687,603	11.21%	(2)
Fuel & lubricants	7,809,405	986,095	8,795,500	11.21%	(2)
Office/Printing supplies	536,757	67,776	604,533	11.21%	(2)
Bus parts/Maint. supplies	10,753,482	1,357,844	12,111,326	11.21%	(2)
Utilities	3,645,484	460,316	4,105,800	11.21%	(2)
Insurance	10,207,377	1,288,888	11,496,265	11.21%	(2)
Other expenses	8,443,484	1,066,161	9,509,645	11.21%	(2)
Purchased transportation	16,887,267	3,697,367	20,584,634	17.96%	(8)
Interest expense	454,031	56,412	510,443	11.05%	(9)
Depreciation	38,274,484	4,832,927	43,107,411	11.21%	(2)
Total operating expenses	432,259,978	53,707,647	485,967,625	11.05%	
Income (loss) before capital contributior	17,613,421	15,184,351	32,797,772	46.30%	
Capital contributions	8,826,141	560,758	9,386,899	5.97%	(14)
Change in net position	$ 26,439,562	$ 15,745,109	$ 42,184,671		

NOTE 1 – GENERAL

Special Transit Service District (STSD) No. 1 was the designation used from the creation of the Alameda-Contra Costa Transit District (District) for its original territory, consisting of the cities and surrounding unincorporated area from Richmond and San Pablo through Hayward. STSD No. 1 extends from San Pablo Bay to Hayward, including the cities of Richmond, San Pablo, El Cerrito, Albany, Berkeley, Emeryville, Oakland, Piedmont, Alameda, San Leandro, Hayward, and the unincorporated areas of Ashland, Castro Valley, Cherryland, El Sobrante, Kensington, and San Lorenzo. STSD No. 2 was created through an annexation agreement and includes the City of Fremont and the City of Newark in southwestern Alameda County where the District operates a network of local routes. Local service within Union City is operated by a separate agency, Union City Transit. Service to Palo Alto across the Dumbarton Bridge on the DB line is provided by the District under contract with a consortium of operators, led by the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND SCHEDULE PRESENTATION

The accompanying Schedule was prepared in accordance with accounting principles generally accepted in the United States of America and the allocation methodology guidelines listed below. This Schedule does not present the financial position, changes in financial position, or cash flows of the District.

NOTE 3 – BASIS OF ACCOUNTING

The Schedule has been prepared in accordance with the accrual basis of accounting.

NOTE 4 – BASIS OF ALLOCATION

The revenues and expenses on the Schedule are prorated between STSD No. 1 and No. 2 based on an allocation methodology that is specific to each financial statement caption. The primary allocation basis is an equal weighting of the relationship of hours and miles of service between the counties and the Special Transit Service District within the counties. The complete listing of allocation methodology is reported on page 5.

(1) Fare box revenues are allocated on the basis of estimated revenues for each route operated by a District as record by the GFI system. Estimated revenues consist of cash collected on a route, plus the impact of estimated revenues related to passes and tickets used on that same route.

(2) This revenue/expense line item is allocated to the District in which such services are provided, and then on the basis of the District's pro-rata share of service hours and service miles. Each District's allocation percentage is calculated using the following formula:

$$\frac{\text{(District svc. Hours/Total svc. Hours) + (District svc. Miles/Total svc. Miles)}}{2}$$

(3) BART transfer revenue is allocated on the basis of each District's pro-rata share of fare box revenues as calculated under (1) above.

(4) Actual operator pay per the general ledger is allocated to each District based on its prorate share of scheduled operator pay as recorded by the OTS 370 report.

(5) State transit assistance revenues are allocated to each District based on its pro-rata share of "qualifying revenues", which are defined by the District to include the following: property taxes, Measure VV revenues, Measure B revenues, Measure BB revenues, Measure J revenues, fare box revenues, contract services, and Dumbarton reimbursement Revenues.

(6) Interest income is allocated to each District based on its pro-rata share of total revenues and subsidies, excluding interest income.

(7) Property taxes are allocated to each District on the basis of actual revenue as reported to the District by Alameda and Contra Costa County.

(8) ADA paratransit subsidies are expenses that are allocated to each District based on its prorate share of ridership as reported to the District by its paratransit contractor.

(9) Interest expense is allocated to each District based on its pro-rata share of total expenses, excluding interest expense.

(10) Allocation of this revenue or expenses line item is not necessary as it is associated solely with a single District.

(11) Measure B revenues were allocated between the Districts using two different methodologies. For the former Measure B, revenues are allocated using the formula in (2) above. Subsequent to May 31, 2002, Measure B revenues are based on the revised legislation, which allocates a specific portion of the total revenues received from each District.

(12) TDA revenues are allocated to each District on the basis of actual revenues as reported to the District by the Metropolitan Transportation Commission.

(13) Fringe benefits and pension expenses are allocated using the sum of each District's pro-rata share of operator's wages and other wages divided by the sum of total operator wages and other wages.

(14) This revenue or expense line item is allocated to the District in which such services are provided, or if District wide, using methodology (2) above.

(15) Allocation of this revenue line item is based upon the allocation percentage approved by the District’s Board of Directors.

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

FINANCIAL STATEMENTS

June 30, 2021

FINANCIAL STATEMENTS
June 30, 2021

CONTENTS

INDEPENDENT AUDITOR'S REPORT 1

MANAGEMENT'S DISCUSSION AND ANALYSIS 4

FINANCIAL STATEMENTS

STATEMENT OF NET POSITION - ENTERPRISE FUND 15

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - ENTERPRISE FUND 17

STATEMENT OF CASH FLOWS - ENTERPRISE FUND 18

STATEMENT OF FIDUCIARY NET POSITION - PENSION TRUST FUND 20

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PENSION TRUST FUND 21

NOTES TO FINANCIAL STATEMENTS 22

REQUIRED SUPPLEMENTARY INFORMATION

PENSION PLAN - SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS 50

PENSION PLAN - SCHEDULE OF EMPLOYER'S CONTRIBUTIONS 52

OPEB PLAN (TRUST) - SCHEDULE OF CHANGES IN THE EMPLOYER'S NET OPEB LIABILITY AND RELATED RATIOS 53

OPEB PLAN (TRUST) - SCHEDULE OF EMPLOYER'S CONTRIBUTIONS 54

OPEB PLAN (NON-TRUST) - SCHEDULE OF CHANGES IN THE EMPLOYER'S NET OPEB LIABILITY AND RELATED RATIOS 55

OPEB PLAN (NON-TRUST) - SCHEDULE OF EMPLOYER'S CONTRIBUTIONS 56

OTHER SUPPLEMENTARY INFORMATION

ENTERPRISE FUND - COMPARATIVE SCHEDULES OF NET POSITION 57

ENTERPRISE FUND - COMPARATIVE SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION 59

ENTERPRISE FUND - COMPARATIVE SCHEDULES OF CASH FLOWS 60

BUDGETARY BASIS - ENTERPRISE FUND - TRANSIT ONLY - COMPARATIVE SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION 62

BUDGETARY BASIS - ENTERPRISE FUND - TRANSIT ONLY - SCHEDULE OF REVENUES, SUBSIDIES AND EXPENSES - BUDGET VERSUS ACTUAL 63

BUDGETARY BASIS - ENTERPRISE FUND - TRANSIT ONLY - SCHEDULE OF REVENUES AND EXPENSES BY SERVICE AREA 64

NOTES TO SUPPLEMENTARY INFORMATION 65

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying 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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the AC Transit Employees' Retirement Plan, which represents the fiduciary activities of the District. 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the AC Transit Employees' Retirement Plan were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the 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, 2021, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the District has adopted GASB Statement No. 84, *Fiduciary Activities*, for the year ended June 30, 2021. Our opinions are not modified with respect to this matter.

Other Matters

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, although not a part of the basic financial statements, is required by 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, 2021 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Other Supplementary Information for the year ended June 30, 2021, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information for the year ended June 30, 2021 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2021 basic financial statements. The Other Supplementary information has been subjected to the auditing procedures applied in the audit of the 2021 basic financial statements for the year ended June 30, 2021 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 basic financial statements or to the 2021 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 2021 basic financial statements as a whole for the year ended June 30, 2021.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the District as of and for the year ended June 30, 2020 (not presented herein), and have issued our report thereon dated November 19, 2020, 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") as of and for the year ended June 30, 2020, as listed in the table of contents, 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 relates directly to the underlying accounting and other records used to prepare the 2020 financial statements. The Comparative Schedules as of and for the year ended June 30, 2020, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the 2020 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, 2020.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated November <>, 2021, 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 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
DATE

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 2021 with comparisons to the prior fiscal year.

Financial Highlights

- At June 30, 2021, total assets and deferred outflow of resources were $799.1 million, an increase of $44.9 million, or 6 percent, compared to June 30, 2020, when it was $754.2 million. Total current assets at June 30, 2021 were $289.0 million, an increase of $54.4 million, or 23 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 decreased by $18.6 million or 4 percent, to $441.3 million due to ongoing District capital programs. Other Non-Current Assets were stable at $1.1 million. Deferred outflows increased by $9.2 million, or 16 percent, to $67.7 million at June 30, 2021 primarily due to the pension related net of investment gains/losses, and the amortization of investment losses from prior periods.

- At June 30, 2021, total liabilities and deferred inflow of resources were $684.4 million, an increase of $2.7 million, or less than 1 percent, compared to June 30, 2020 when they were $681.6 million. Total current liabilities decreased by $4.4 million, or 5 percent, over fiscal year 2020 when they were $92.3 million due to a net decrease in related subcategories at year end, most notably in accrued salary & wages, A/P and accrued expenses and accrued liabilities. These were mostly offset by increases in unearned revenue, pension trust fund, claims liabilities and accrued interest payable. Non-current liabilities decreased by $10.5 million, or 2 percent, from June 30, 2020 when they were $502.9 million. This was primarily due to a decrease in the net pension liability, offset by an increase in OPEB liabilities and Claims liabilities. These changes in Pension and OPEB liabilities are attributable to net investment and actuarial activity. The increase in deferred inflows of $17.6 million is the product of the net activity of expected and actual experience as reflected in the pension GASB 68 and GASB 75 actuarial studies.

- For Fiscal Year 2021, operating revenues decreased by $33.9 million, or 55 percent, to $28.1 million. While there were some slight trends during the year, once the "COVID-19" pandemic started in mid-March 2020 the District stopped collecting passenger fares for nearly seven months for the safety its employee's and the riding public. The pandemic and associated shelter-in-place orders also significantly reduced ridership and fare revenue even once the District resumed fare collection in October 2021, creating this year over year result. Contract fares also declined at $11.8 million, a reduction of 17 percent over June 30, 2020, when they were $14.2 million. As of June 30, 2020, operating revenues were $61.9 million.

- In Fiscal Year 2021, total expenses were $485.5 million, a decrease of $52.5 million, or 10 percent, compared to $538.0 million at June 30, 2020. Fringe benefits increased slightly by $1.1 million largely due to carrier increases, paid time off taken related to the pandemic, and actuarial results. Services decreased substantially by $24.7 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 decreases in the maintenance and salaried categories contributing to the $1.5 million decrease; and a 2 percent increase in "Other' was due to facility leases at the Salesforce Transbay terminal. Notable year over year increases occurred in Insurance of $3.5 million due to actuarial results, while there were decrease in costs of fuel, due to service reductions during the pandemic period, and Expenses of Joint Venture, again due to service curtailment related to the pandemic.

- For Fiscal Year 2021, non-operating revenues were $490.1 million, an increase of $48.7 million, or 11 percent, compared to Fiscal Year 2020 when it was $441.4 million. The most notable increases occurred in Federal funds of $49.9 million or 121 percent due to the receipt of federal CARES Act funding during the period and Property tax of $10.1 million or 7 percent. State funds declined by $5.3 million or 17 percent primarily due to the receipt of "pass through" funds which are not available to fund District operations. There was increase in Sales Taxes of $4.7 million or 5 percent, and a reduction in Local Funds of $8.2 million, or 9 percent, both related to the pandemic.

- At June 30, 2021, net position was $114.8 million, an increase of $42.2 million, or 58 percent, from June 30, 2020 when it was $72.6 million. This 2021 increase in net position was driven by the net result of total non-operating revenues during the fiscal year of $490.1 million, combined with capital funds earned during the period of $9.4 million, totaling $499.5 million, over total expenses of $485.4 million, along with a prior period adjustment of $1.5 million, attributable to the mandatory adoption of compliance statement "19-01". It should also be noted that without the receipt of $84.1 million of Federal CARES Act funding during the period, the change in net position would have been a decrease of $42.0 million, and cumulative net position would have been reduced to $30.7 million at 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 activitie*s which include operating grant proceeds as well as operating subsidy payments from third parties and other non-operating items.
- *Cash flows from capital and related financing activities* which arise from the borrowing and repayment (principal and interest) of capital-related debt, the acquisition and construction of capital assets and the proceeds of capital grants and District contributions.
- *Cash flows from investing activities* which includes the proceeds from the sale of investments and receipt of interest. Outflows in this category include the purchase of investments.

Notes to the Financial Statements

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

Other Information

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

Analysis of Basic Financial Statements

Alameda-Contra Costa Transit District
Statement of Net Position
(in thousands)
Fiscal Year Ended June 30, 2021

	2021	2020	Change	%
Assets				
Current Assets	$ 288,992	$ 234,627	$ 54,365	23%
Capital Assets, net	441,263	459,876	(18,613)	-4%
Other Non-Current Assets	1,137	1,137	-	0%
Total Assets	**731,392**	**695,640**	**35,752**	**5%**
Deferred Outflows	67,746	58,535	9,211	16%
Total Assets and Deferred Outflow of Resources	**799,138**	**754,175**	**44,963**	**6%**
Liabilities				
Current Liabilities	87,975	92,319	(4,344)	-5%
Long Term Portion of COPS	11,655	11,655	-	0%
Net Pension Liability	218,783	270,087	(51,304)	-19%
Net OPEB Liability	180,075	141,853	38,222	27%
Other Non-Current Liabilities	81,982	79,362	2,620	3%
Total Liabilities	**580,470**	**595,276**	**(14,806)**	**-2%**
Deferred Inflows	**103,890**	**86,305**	17,585	20%
Total Liabilities and Deferred Inflow of Resources	**684,360**	**681,581**	**2,779**	**0%**
Net Position				
Invested in Capital Assets, net of related debt	429,608	448,221	(18,613)	-4%
Restricted for Capital Purchases	18,200	18,228	(28)	0%
Restricted for Debt Service	965	992	(27)	-3%
Unrestricted	(333,995)	(394,847)	60,852	-15%
Total Net Position	**114,778**	**72,594**	**42,184**	**58%**
Total Liabilities and Net Position	**$ 799,138**	**$ 754,175**	**$ 27,378**	**4%**

Assets:

- At June 30, 2021, total assets and deferred outflow of resources were $799.1 million, an increase of $45.0 million, or 5 percent, compared to June 30, 2020, when it was $754.2 million. Current assets at June 30, 2021 were $289.0 million, an increase of $54.4 million, or 23 percent, over June 30, 2020 when it was $234.6 million. While cash and investments were higher at June 30, 2021 by $66.3 million, grant receivables decreased by $25.7 million. Both Property Tax and Local Sales Taxes receivable increased slightly by $3.8 million and $8.2 million respectively. Inventory increased by 6 percent and Prepaids increased by 26 percent. The increase in inventory at year end was due to a reduction in the consumption of fuel and materials during this initial pandemic period, the increase in prepaid is attributable to an increase in insurance premiums offset by a $0.9 million reduction in the election prepaid due to normal amortization. Non-Current assets at June 30, 2021 were $442.4 million, a decrease of $18.6 million, or 4 percent, over June 30, 2020 when they were $461.0 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, 2021 were $67.8 million. This was an increase of $9.2 million, or 16 percent, over June 30, 2020 when it was $58.5 million. The pension component of deferred outflows was essentially unchanged at $45.5 million compared to June 30, 2020 at $45.6 million. OPEB Related deferred outflows at June 30, 2021 were up $9.4 million an increase of 76 percent over June 30, 2020 when it was $12.4 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:

- At June 30, 2021, total liabilities and deferred inflows of resources were $684.4 million, remaining relatively stable, compared to June 30, 2020 when they were $681.6 million. Current liabilities at June 30, 2021 were $88.0 million a decrease of $4.3 million, or 5 percent, over June 30, 2020 when they were $92.3 million. Several factors contributed to this net result, including decreases of $3.7 million in salaries and $6.2 million in “Other Accrued Liabilities” which is primarily composed of fringe benefits and is related to timing. Other decreases in current liabilities included $5.7 million in Accounts Payable at year end due to timing, offset by increases of $4.5 million in unearned revenue, and $4.0 million due to pension, related to timing.

- Total other non-current liabilities were $492.5 million, a decrease of $10.5 million or 2 percent, from June 30, 2020 when it was $503.0 million. This result was due to a decrease in net pension liability that offset the increase in Net OPEB Liability. At June 30, 2021 the net pension liability was $218.8 million, a decrease of $51.3 million, or 19 percent, over fiscal year 2020 when it was $270.1 million. This change is primarily attributable to investment gains of $58.0 million. As of June 30, 2021, the Net OPEB liability was $180.1 million, an increase of $38.2 million, or 27 percent, over fiscal year 2020 when it was $141.9 million. The net increase in deferred inflows of $17.6 million is the product of the net activity of expected and actual experience as reflected in the pension GASB 68 and GASB 75 actuarial studies. Deferred inflows from Pension increased $24.0 million, or 46%, while deferred inflows from OPEB decreased $6.4 million, or 12 percent.

Net Position:

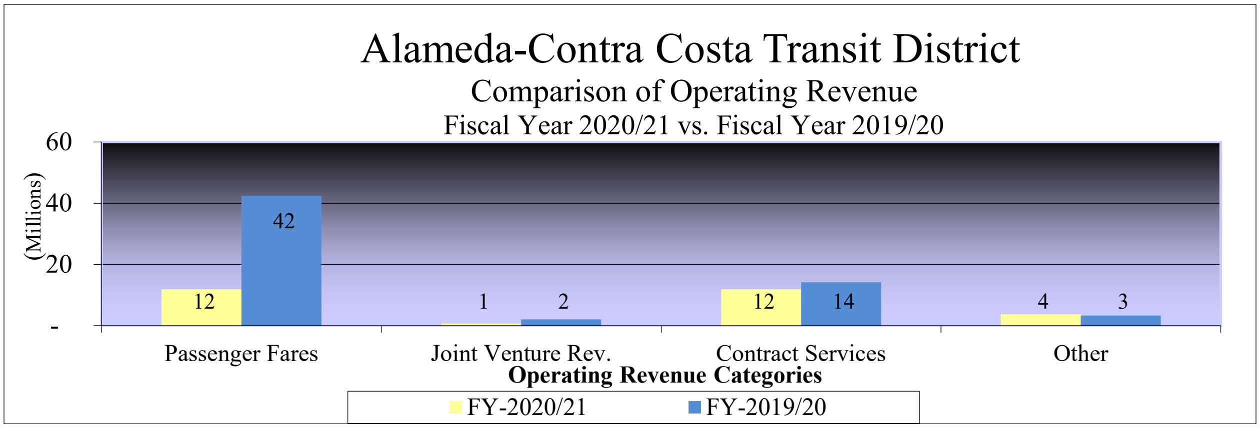
- At June 30, 2021, net position was $114.8 million, an increase of $42.2 million, or 58 percent, from June 30, 2020 when it was $72.6 million. During the current fiscal year total revenues grew by $14.9 million, or 3 percent, and expenses decreased by $52.5 million or 10 percent. Total operating and non-operating revenues during the fiscal year ended June 30, 2021 were $518.2 million and capital revenues of $9.4 million totaling $527.6 million, over total expenses of $485.5 million. $84.1 million of Federal emergency funds were earned during the period and were instrumental in preserving the District’s net position at June 30, 2021.There was also $1.5 million addition to net assets due to the mandatory implementation of the 19-01 compliance, concerning revenue recognition.

Alameda-Contra Costa Transit District
Statement of Revenues, Expenses and Changes in Net Position
(in thousands)
For the Years Ended June 30, 2021 and June 30, 2020

	2021	2020	Changes	%
Revenues				
Operating Revenues				
Passenger Fares	$ 11,900	$ 42,478	$ (30,578)	-72%
Operating Revenues of JPA and consortium	648	2,012	(1,364)	-68%
Contract Services	11,822	14,169	(2,347)	-17%
Other	3,741	3,338	403	12%
Total Operating Revenues	**28,111**	**61,997**	**$ (33,886)**	**-55%**
Non-Operating Revenues				
Property Taxes	159,283	149,103	10,180	7%
Local Sales Taxes (Note 7)	106,415	101,743	4,672	5%
Local Funds (Note 7)	82,449	90,656	(8,207)	-9%
Federal	91,043	41,172	49,871	121%
State	25,975	31,283	(5,308)	-17%
Non-Oper. Revenues of JPA and consortium	25,449	26,638	(1,189)	-4%
Gain (Loss) on sale of capital assets	(8)	687	(695)	-101%
Interest Income	40	933	(893)	-96%
Interest Expense	(510)	(822)	312	-38%
Total Non-Operating Revenues	**490,136**	**441,393**	**48,743**	**11%**
Total Revenues	**518,247**	**503,390**	**14,857**	**3%**
Expenses				
Operating Expenses				
Operator Wages	75,776	89,804	(14,028)	-16%
Other Wages	73,014	74,538	(1,524)	-2%
Fringe Benefits	189,665	188,598	1,067	1%
Depreciation	43,107	44,260	(1,153)	-3%
Fuel & Oil	8,796	11,897	(3,101)	-26%
Other Materials & Supplies	12,329	14,404	(2,075)	-14%
Services	36,688	61,427	(24,739)	-40%
Insurance	11,496	8,027	3,469	43%
Expenses of JPA and consortium	20,585	31,249	(10,664)	-34%
Other	13,994	13,760	234	2%
Total Operating Expenses	**485,450**	**537,964**	**(52,514)**	**-10%**
Loss before Contributed Capital	**32,797**	**(34,574)**	**67,371**	**-195%**
Capital Contributions	9,387	35,306	(25,919)	-73%
Change in Net Position	**42,184**	**732**	**41,452**	**5659%**
Net Position, beginning of year	72,594	71,862	732	1%
Net Position, end of year	**$ 114,778**	**$ 72,594**	**$ 42,184**	**58%**

Operating Revenue:

- For Fiscal Year 2021, operating revenues decreased by $33.9 million, or 55 percent, to $28.1 million, over June 30, 2020 when they were $62.0 million. There were substantial decreases in contract fares of $11.8 million in fiscal year 2021, or 17 percent, over fiscal year 2020 with a total of $14.2 million. Passenger fares and Joint Venture fares decreased on average by 70 percent or $31.9 million when compared to June 30, 2020 when they were $44.5 million. Other fares moderately increased by 12 percent. While there had been a general fare increase effective in July 2019 and a Transbay fare increase in January 2020, this overall result is attributable to the District's suspension of fare collection from the start of the pandemic in mid-March 2020 through the end of that fiscal year.



Non-Operating Revenue:

- For fiscal year 2021, non-operating revenues were $490.1 million, which is a net increase of $48.7 million, or 11 percent, compared to fiscal year 2020 when it was $441.4 million. This overall net increase included year over year increases in Property Taxes, as well as Federal subsidies, which were offset by decreases in local sources of revenues and joint venture funding.

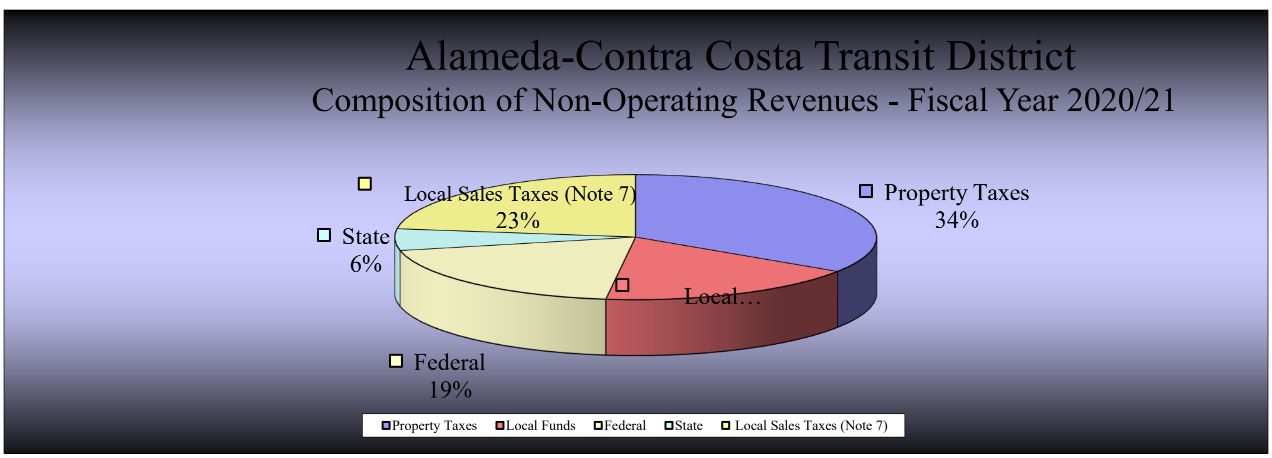
- At fiscal yearend 2021 property taxes were $159.3 million an increase of $10.1 million or 7 percent, over fiscal year 2020 when they were $149.1 million. The property tax number contains both regular property tax of $129.3 million, and a fixed parcel tax which came in at $30.1 million, the latter is accessed in a portion of our service area and is stable year over year. The regular property tax component has been growing over the previous three fiscal years at an average of 7 percent per year. Local sales tax revenues went from $101.7 million at June 30, 2020, to $106.4 million as of June 30, 2021, an increase of $4.7 million, or 5 percent. These include increases in Measure B, Measure BB, and Measure J/C of $3.0 million, $3.5 million, and $0.8 million respectively. There was a slight decrease of $1.3 million in AB1107 funds.

- Local funds, totaling $82.4 million at June 30, 2021 decreased by $8.2 million, or 9 percent, over June 30, 2020 when it was $90.7 million. Local funds at June 30, 2021 were comprised of Transportation Development Act (TDA) of $72.0 million, and Regional Measure 2 (RM2) operating funds of $7.0 million, and local operating assistance funds were $2.8 million. While the overall year over year change in Local funds was 14 percent, there were items of note, namely TDA funds which are sales tax based were down $13.4 million, due to the allocation cycle of that funding source. RM2 decreased $2.6 million or 23 percent as these are bridge toll based and fewer tolls were collected during the early pandemic period.

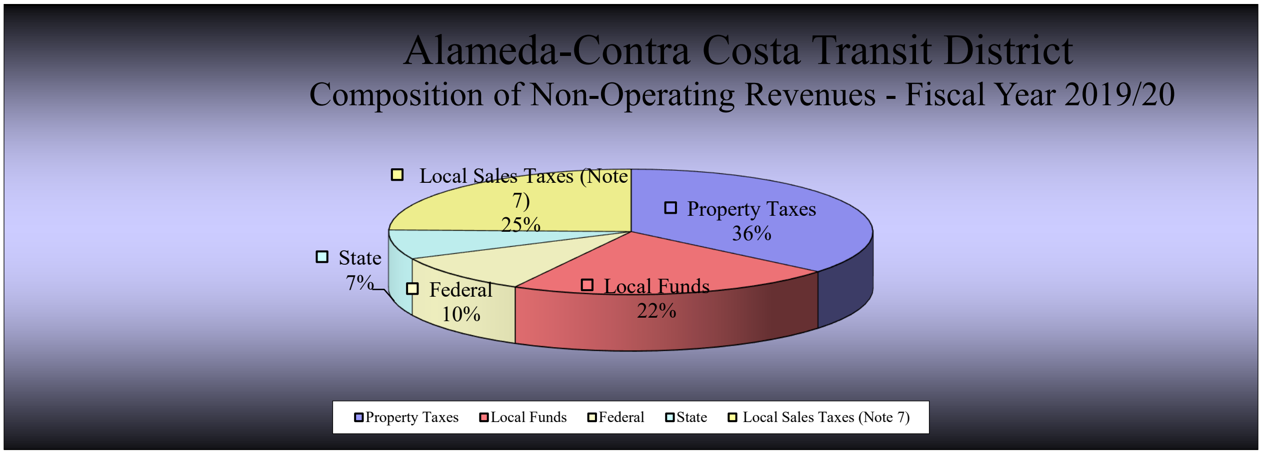
- State revenues include State Transit Assistance (STA) as well as other state sources. State funds available for funding regular transit service at June 30, 2021 were $ 26.0 million, a decrease of $5.3 million, or 17 percent over June 30, 2020 when they were $31.3 million. Included in this number is $0.5 million to help offset the cessation of AB2972 OUSD funds for school bus service.

- Federal operating funds increased by $49.9 million, to $91.0 million, or 121 percent, over June 30, 2020 when they were $41.2 million, with the Federal CARES act funding providing $84.1 million of this total. There was federal preventive maintenance funding for the period ended June 30, 2021 in the amount of $6.5 million, compared to $3.7 million in the fiscal year June 30, 2020, an increase of 70%.

- "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, 2021, these combined sources contributed $25.4 million, a decrease of $1.2 million, or 4 percent, less than in June 30, 2020 when they were $26.6 million. Funding sources in this category include Local Sales Taxes comprised of Measure B of $6.6 million, Measure BB of $7.3 million, and Measure J of $0.3 million, Regional Measure 2 operating funds of $2.1 million for Dumbarton service, State contributions come from State Transit Assistance (STA) funds totaling $3.8 million for the fiscal year ended June 30, 2021, a decrease of $2.7 million over June 30, 2020 when they were $6.5 million. Decreases from all these sources mirrored their counterparts in the Non-Operating Revenue section. Federal funding for these programs was $5.4 million, after having been zero for the fiscal year ended June 30, 2021, due to timing issues with grant availability. Federal funds in this category typically consist of "ADA Set Aside" and "Paratransit Lease" funds for fiscal year 2021. When we look at the operating and non-operating revenues for Joint Venture service compared to the cost of those services there was net revenue from the Joint Venture service to the District for the fiscal year ended June 30, 2021 of $4.8 million, compared to a net expense of $4.6 million for the year ended June 30, 2020. This is primarily is due to the decrease in expenses to $20.6 million in fiscal year 2021, compared to $31.2 million for fiscal year 2020, due to reduction in service levels related to the pandemic.



When comparing the "Composition of Non-Operating Revenue" pie charts from FY-20/21 (above) to FY-19/20 (next page) shift in composition between these fiscal years, as percent of total non-operating revenue in each respective fiscal year is as follows: decreases of 18 percent in Local Funds, 14 percent in State funding, 6 percent in Property tax, 8 percent in Local Sales tax. Increases included 90 percent in Federal, with no other category increasing.



Expense Highlights

Operating Expenses:

- In Fiscal Year 2021, total operating expenses were $485.5 million, a decrease of $52.5 million or 10 percent compared to $538.0 million in Fiscal Year 2020. The most significant increases occurred in Insurance of $3.5 million and Fringe Benefits of $1.1 million. Decreases in Services of $24.7 million, or 40 percent, Joint Venture of $10.7 or 34 percent, Fuel & Oil of $3.1 million, or 26 percent, and Operator Wages of $14.0 million, or 16 percent, substantially contributed to the overall reduction in total operating expenses.

- Operator wages totaling $75.8 million, for June 2021 were down $14.0 million over the year ending June 2020 when they were $89.8 million. This decrease occurred even with CBA provision for a retroactive pay raise of 3 percent, and one-time bonus payment of an additional 2 percent; however, service was significantly reduced once the pandemic “shelter in place” order was given by the Alameda and Contra Costa Health departments in mid-March of 2020.

- Other Salary and Wages was $73.0 million at June 30, 2021 a decrease of $1.5 million, or 2 percent, over June 2020 when it was $74.5 million. Most of the employees in the Other Salary and Wages category did receive CBA scheduled increases, including ATU bargaining unit members in this category also received the retroactive pay raise and bonus mentioned in the operator wages section above. AFSCME members in this category did not, as a contract agreement was not reached until the following fiscal year

- Fringe benefits at June 30, 2021 were $189.7 million, an increase of $1.1 million or 1 percent over June 30, 2020 when it was $188.6 million. There were increases in medical and dental expense of $0.5 million, or 14 percent which included increases from medical carriers. Due in part to a less favorable actuarial result and an increase in period expenses workers comp expense increased by $4.0 million, to $19.6 million as of June 30, 2021 over the prior period. FY-20/21 OPEB expense was $40.1 million, up $35.5 million, up 770%, compared to 2020 at $4.6 million, primarily due to unfavorable GASB 74-75 actuarial result of $38.1 million, for FY-20/21, compared to FY 19/20 which had favorable actuarial result of $2.2 million. Pension expense was $33.2 million, down $30.6 million, or 48%, compared to 2020 when it was $63.7 million. Pension was favorably affected by a GASB 67-68 actuarial result of $27.2 million, which was a significant improvement of $31.6 million compared to 2020, when the impact was $4.4 million. 2021 Pension contributions were $60.4 million, up $1.0 million or 2%, compared to 2020 contributions of $59.4 million. Overall, total OPEB and Pension expense for 2021 was up $5.0 million, or 7%, to $73.3 million, compared to 2020 at $68.7 million.

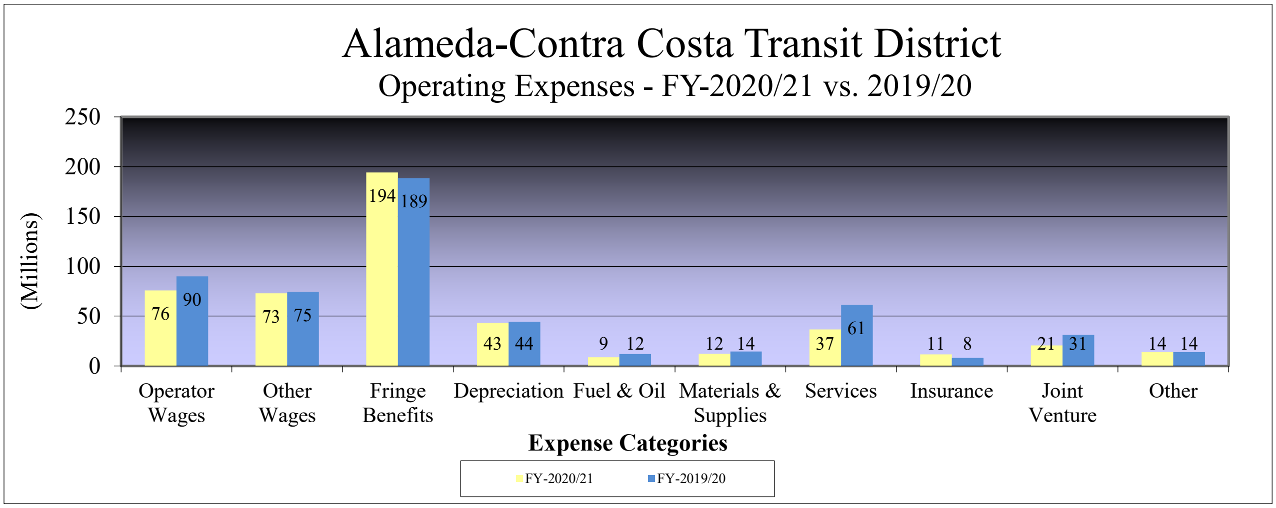
- Depreciation decreased by $1.2 million or 3 percent, due to growth in the depreciable base compared to retirements, and changes in average life of the assets. At June 30, 2021 Fuel and Oil was $8.8 million, a decrease of $3.1 million or 26 percent over June 30, 2020 when it was $11.9 million. This decrease was due to significant service reductions in the pandemic period. Materials and Supplies consumption was $12.3 million as of June 30, 2021, a decrease of $2.0 million, or 14 percent over June 30, 2020 when it was $14.4 million. This decrease was due to reductions in parts in the categories of Engine, Fuel System, of about $0.5 million each, as well as Tires & Tubes and Body parts of about $0.3 million each. There was also a reduction due to favorable inventory count variance of $0.7 million. These reductions are in line with the reduced service level related to the pandemic.

- Outside services decreased by $24.7 million, to $36.7 million, or 40 percent, over fiscal year 2020 when it was $61.5 million. "Pass through" expenditures which are exclusively reported in this object class, were $5.7 million in 2021, a decrease of $27.2 million, or 84 percent less than in fiscal 2020 when they were $32.9 million, mainly related to the Bus Rapid Transit Project. 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 $1.9 million, or 159%, SaaS (Software as a Service) of $1.3 million, or 81%, Claims Administration of $0.8 million, or 50%, Security Services of $0.7 million, or 6%. These increases were offset by decreases in Clipper/Translink Expense of $1.4 million, or 88%, and Outside Training Services, of $0.4 million, or 80%.

- In fiscal year 2021 insurance was $11.5 million, an increase of $3.5 million over 2020, or 43 percent, when it was $8.0 million. The cost of policy coverage increased by $1.3 million during the period, and 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 a decrease of $10.7 million, or 34 percent, over fiscal 2020 when it was $32.3 million. Paratransit Consortium expense decreased by $10.2 million, or 37%, due to decreased service levels. Also, of note is that Dumbarton service expense decreased by $0.3 million, or 9 percent, again due to the pandemic and decreased service levels.

- In fiscal year 2021 the category of "other" expenses was $14.0 million, an increase of 2 percent over fiscal year 2020 when it was $13.8 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 Leases and Rentals, up $1.1 million, or 24%, to $5.5 million compared to 2020 at $4.4 million. Election expense increased by $0.5 million, up by 60% to $1.5 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. Offsetting expense decreases include Assessment Fees and Sales and Use Tax, down $0.5 million and $0.6 million, respectively, from fiscal 2020.



Capital Program

The District received capital contributions of $9.4 million in Fiscal Year 20/21 compared to $35.3 million in Fiscal Year 2020, a decrease of $26.0 million, or 73 percent. In Fiscal Year 20/21 capital contributions came from the following sources, federal $5.6 million, State $2.6 million, and local $1.1 million. On-going capital investment is crucial to an asset intensive industry such as ours.

Some of the capital acquisitions during the period included:

- Division 2 Hydrogen Station Upgrade ($4.5 million)
- Division 2 Roof Replacement ($2.0 million)
- GO Customer Service Center ($1.5 million)
- Division 4 Bus Washer ($1.4 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 at 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 at June 30, 2021 the outstanding balance on this credit line was $15.0 million
Additional information on the District's long-term debt can be found in note (8) to the basic financial statements

Subsequent Events

- The District has received a commitment for $55 million dollars in CRRSA for funds Fiscal Year 21/22, which have not been drawn down.
- The District resumed fare collection on October 19, 2020. They had previously been suspended in late March 2020 due to the COVID 19 pandemic. The District has implemented additional safety measures as a part of this resumed fare collection program.
- The District went "Live" with its "Tempo" Bus Rapid Transit (BRT) project in August of 2020. The first 90 days of service were fare-free as was planned in advance and overlapped with the suspension of fare collection due to the pandemic. Fare collection started on "Tempo" on November 9, 2021.

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.

ASSETS		
Current assets		
Cash and cash equivalents (Note 3)	$	103,354
Restricted cash and cash equivalents:		
Restricted for capital purchases (Note 3)		18,200
Investments (Note 3)		58,010
Receivables:		
Federal and local grants:		
Capital		14,643
Planning, operating and other (Note 7)		8,952
Property tax		15,978
Local sales tax		21,146
Other trade receivables		7,586
Total receivables, net		68,305
Due from Pension Trust Fund (Note 5)		11,290
Inventory		14,983
Prepaid expenses		14,850
Total current assets		288,992
Noncurrent assets		
Restricted cash and cash equivalents:		
Restricted for certificates of participation - debt service (Note 3)		1,137
Capital assets (Note 4)		
Nondepreciable		164,047
Depreciable, net		277,216
Total capital assets, net		441,263
Total noncurrent assets		442,400
Total assets		731,392
DEFERRED OUTFLOWS OF RESOURCES		
Pension related (Note 9)		45,465
OPEB related (Note 10)		21,740
Deferred loss on refunding debt (Note 8)		541
Total deferred outflows of resources		67,746
Total assets and deferred outflows of resources	$	799,138

LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses	$ 9,096
Accrued salaries and wages	4,170
Current portion of accrued vacation and sick leave	22,080
Due to Pension Trust Fund (Note 5)	8,887
Unearned revenue	12,391
Other accrued liabilities	13,828
Accrued interest payable	172
Current portion of claims liabilities (Note 13)	17,284
Current portion of remediation obligations (Note 12)	67
Total current liabilities	87,975
Noncurrent liabilities	
Accrued vacation and sick leave	10,090
Claims liabilities (Note 13)	55,940
Remediation obligations (Note 12)	952
Certificates of participation (Note 8)	11,655
Revolving line of credit (Note 8)	15,000
Net pension liability (Note 9)	218,783
Net OPEB liability (Note 10)	180,075
Total noncurrent liabilities	492,495
Total liabilities	580,470
DEFERRED INFLOWS OF RESOURCES	
Pension related (Note 9)	52,355
OPEB related (Note 10)	51,535
Total deferred inflows of resources	103,890
Total liabilities and deferred inflows of resources	684,360
NET POSITION	
Net investment in capital assets	429,608
Restricted for capital purchases (Note 11)	18,200
Restricted for debt service	965
Unrestricted	(333,995)
Total net position	$ 114,778

Operating Revenues	
Passenger fares	$ 11,900
Contract services	11,822
Operating revenues of JPA and consortium (Note 14)	648
Other	3,741
Total operating revenues	28,111
Operating expenses	
Operator wages	75,776
Other wages	73,014
Fringe benefits	189,665
Depreciation (Note 4)	43,107
Fuel and oil	8,796
Other material and supplies	12,329
Services	36,688
Insurance	11,496
Expenses of JPA and consortium (Note 14)	20,585
Other	13,994
Total operating expenses	485,450
Operating loss	(457,339)
Non-operating revenues (expenses)	
Operating assistance:	
Property taxes	159,283
Local sales tax (Note 7)	106,415
Local funds (Note 7)	82,449
State (Note 7)	25,975
Federal (Note 7)	91,043
Non-operating revenues of JPA and consortium	25,449
Gain (loss) on sale of capital assets	(8)
Interest income	40
Interest expense	(510)
Net non-operating revenues (expenses)	490,136
Loss before capital contributions	32,797
Capital contributions (Note 6)	9,387
Change in net position	42,184
Net position at beginning of year	72,594
Net position at end of year	$ 114,778

Cash flows from operating activities		
Cash received from customers	$	36,187
Cash payments to suppliers for goods and services		(116,425)
Cash payments to employees for services and benefit payments		(346,677)
Other operating receipts		4,389
Net cash used in operating activities		(422,526)
Cash flows from noncapital financing activities		
Operating assistance received		502,140
Net cash provided by noncapital financial activities		502,140
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets		(24,502)
Capital contributions received		11,531
Proceeds from sale of capital assets		-
Proceeds from revolving line of credit		-
Proceeds from refunding on certificates of participation		-
Principal paid on certificates of participation		42
Interest paid on certificates of participation		(483)
Net cash used in capital and related financial activities		(13,412)
Cash flows from investing activities		
Proceeds from investments		19,986
Purchase of investments		(57,989)
Investment income		40
Net cash used in investing activities		(37,963)
Change in cash and cash equivalents		28,239
Cash and cash equivalents, beginning of year		94,452
Cash and cash equivalents, end of year	$	122,691
Summary of cash and cash equivalents reported on the Statement of Net Position:		
Unrestricted cash and cash equivalents	$	103,354
Restricted cash and cash equivalents - capital purchases		18,200
Restricted for - certificates of participation - debt service		1,137
Total cash and cash equivalents reported on the Statement of Net Position	$	122,691

Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (457,339)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	43,107
Effect of changes in assets and liabilities:	
Other trade receivables	7,916
Inventory	(825)
Due to/from Pension Trust Fund	(1,820)
Prepaid expenses	(3,065)
Accounts payable and accrued expenses	(5,710)
Accrued salaries and wages	(3,676)
Accrued vacation and sick leave	2,024
Unearned revenue	4,549
Other accrued liabilities	(6,233)
Claims liabilities	3,296
Net pension liability and deferred outflows/inflows from pension	(27,239)
Net OPEB liability and deferred outflows/inflows from OPEB	22,489
Net cash used in operating activities	$ (422,526)

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

	Pension and OPEB Trust Funds
ASSETS	
Cash and cash equivalents	$ 3,722
Contributions receivable from the District (Note 5)	5,728
Interest receivable and other investment receivables	301
Investments at fair value:	
Short-term investments	12,099
Equity securities	107,949
Equity funds	343,261
Fixed income funds	340,064
Real estate funds	37,322
Total investments	840,695
Total assets	850,446
LIABILITIES	
Accounts payable and accrued expenses	3,619
Due to the District (Note 5)	5,238
Total liabilities	8,857
NET POSITION	
Restricted for:	
Pension	837,867
Other postemployement benefits (OPEB)	3,722
Total net position	$ 841,589

		Pension and OPEB Trust Funds
ADDITIONS		
Employer contributions	$	65,109
Employee contributions		158
Investment income:		
Dividends and interest income		6,358
Net appreciation in fair value of investments		90,937
Investment expenses		(2,503)
Net investment income		94,792
Total additions		160,059
DEDUCTIONS		
Benefit payments		66,851
Administrative expenses		2,090
Total deductions		68,941
Net increase in net position		91,118
Net position, beginning of year		746,853
Cumulative effect of implementation of GASB Statement No. 84		3,618
Net position, beginning of year, restated		750,471
Net position, end of year	$	841,589

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.

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 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 Trust Fund: The Pension Trust Fund accounts for the accumulated resources to be used for retirement annuity payments to all members of the Plan.

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.

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, 2021 is $1.137 million. The reserves are reported as non-current assets.

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, 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

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.

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.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 14 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 $30.1 million in Measure C1 taxes during the year ended June 30, 2021.

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.

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, 2021, the District has restricted net position in the amount of $965,000 related to the 2019 Certificates of Participation (COPS) and $17.7 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. 84, *Fiduciary Activities* - The provisions of this Statement were initially effective for periods beginning after December 15, 2018; however, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponed the effective date by 12 months upon its issuance in May 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. 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 the addition of the ATU Local 192 Benefits Trust plan to the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. In addition, the net position as of July 1, 2020 on the Statement of Changes in Fiduciary Net Position was restated to show the addition of the fiduciary fund net position.

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)

NOTE 3 – CASH AND INVESTMENTS (Continued)

Presentation: At June 30, 2021, the District's cash and investments consisted of the following (in thousands):

Cash and cash equivalents	$ 122,691
Investments	58,010
Total	$ 180,701
Reported in the Enterprise Fund as:	
Cash and cash equivalents	$ 103,354
Restricted – current cash and cash equivalents	18,200
Restricted – noncurrent cash and cash equivalents	1,137
Investments	58,010
Total	$ 180,701

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, 2021:

- U.S. Treasury bills and notes of $58.0 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, 2021. 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 $58.0 million of U.S. Treasury notes and bills as of June 30, 2021, 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, 2021.

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, 2021, there was no exposure to foreign currency risk as all the District's cash equivalents and investments are denominated in U.S. dollar currency.

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, 2021 (in thousands):

	June 30, 2020	Additions	Retirements	Transfers	June 30, 2021
Non-depreciable capital assets:					
Land	$ 28,686	$ -	$ -	$ -	$ 28,686
Work in progress	120,372	24,116	-	(9,127)	135,361
Total	149,058	24,116	-	(9,127)	164,047
Depreciable capital assets:					
Revenue equipment	446,862	378	(4,640)	3,325	445,925
Service vehicles and other equipment	129,286	-	-	2,756	132,042
Buildings, structure and Improvements	336,858	-	-	3,046	339,904
Total	913,006	378	(4,640)	9,127	917,871
Less accumulated depreciation:					
Revenue equipment	(271,533)	(27,246)	4,640	-	(294,139)
Service vehicles and other equipment	(120,684)	(3,283)	-	-	(123,967)
Buildings, structure and improvements	(209,971)	(12,578)	-	-	(222,549)
Total	(602,188)	(43,107)	4,640	-	(640,655)
Depreciable capital assets net of accumulated depreciation	310,818	(42,729)	-	9,127	277,216
Capital assets, net of accumulated depreciation	$ 459,876	$ (18,613)	$ -	$ -	$ 441,263

NOTE 5 – INTERFUND RECEIVABLES/PAYABLES

The Enterprise Fund in the accompanying basic financial statements is reported as of June 30, 2021 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.

NOTE 5 – INTERFUND RECEIVABLES/PAYABLES (Continued)

First, the timing of reimbursements from the Pension Trust Fund for administration costs and retiree benefits payments made by the District. At June 30, 2021 and December 31, 2020, the Pension Trust Fund had a payable to the Enterprise Fund of $11.3 million and $5.2 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, 2021 and December 31, 2019, the Pension Trust Fund had a receivable from the Enterprise Fund of $8.9 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 11. 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, 2021 as follows (in thousands):

Federal grants	$ 5,616
State and local grants	3,147
State Transit Assistance – State of Good Repair (STA-SGR)	624
	$ 9,387

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.

NOTE 7 – OPERATING ASSISTANCE (Continued)

Below is a summary of state and local operating assistance for the year ended June 30, 2021 (in thousands):

Local operating assistance:		
Operating revenues	$	3,511
Transportation Development Act		71,931
Regional Measure 2		9,134
Less amount reported within non-operating revenues of JPA and consortium		(2,127)
	$	82,449
State operating assistance:		
State Transit Assistance	$	27,297
Other state assistance		1,500
Pass thru		988
Less amount reported within non-operating revenues of JPA and consortium		(3,810)
	$	25,975

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, 2021, is summarized below (in thousands):

AB 1107	$	43,121
Measure B		34,026
Measure J		5,593
Measure BB		37,802
Less amount reported within non-operating revenues of JPA and consortium		(14,127)
	$	106,415

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, 2021 are summarized below (in thousands):

5307 and 5309 Operating grants	$ 6,883
COVID-19 – CARES Act grant	84,160
	$ 91,043

At June 30, 2021, federal grant funds totaling $2.7 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, 2021 (in thousands):

	Original Issue Amount	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021	Amount Due Within One Year
Direct Placements						
2019 Refunding COP 2.195% - 3.326%, due August 1, 2034	$ 11,655	$ 11,655	$ -	$ -	$ 11,655	-
Conduit Debt						
Revolving Line of Credit LIBOR + .35%, due August 1, 2022		15,000	-	-	15,000	-
Total long-term debt		26,655	-	-	26,655	-
Other long-term liabilities						
Accrued vacation and sick leave		30,146	2,024	-	32,170	22,080
Claims liabilities (Note 13)		69,928	27,114	(23,818)	73,224	17,284
Remediation obligations (Note 12)		1,019	-	-	1,019	67
Total long-term liabilities		$ 127,748	$ 29,138	$ (23,818)	$ 133,068	$ 39,431

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.

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, 2021 is $15 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):

Year Ended	Principal	Interest	Total
2022	$ -	$ 340	$ 340
2023	15,435	336	15,771
2024	800	322	1,122
2025	820	302	1,122
2026	840	282	1,122
2027-2031	4,575	1,033	5,608
2032-2034	4,185	280	4,465
Total	$ 26,655	$ 2,895	$ 29,550

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, 2021, 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 – 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.

NOTE 9 – PENSION PLAN (Continued)

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

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

Participants Covered by Benefit Terms: As of December 31, 2020, employee membership in the Plan was as follows:

Retirees and beneficiaries currently receiving benefits	2,173
Terminated employees entitled to benefits but not yet receiving them	163
	2,336
Current employees:	
Vested	1,179
Non-vested	984
	2,136

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, 2021, the District's average contribution rate was 31.1% of annual covered payroll and the District's contributions to the Plan were $60.4 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, 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

NOTE 9 – PENSION PLAN (Continued)

Actuarial assumptions:

Investment rate of return	7.00%, 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, 2020, and the total pension liability as of the valuation date, January 1, 2020, rolled forward to December 31, 2020. There were no significant events between the valuation date and the measurement date. The actuarial assumptions used in the January 1, 2020 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, 2020 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Large Cap Domestic Equity	22%	4.9%
Domestic Small Cap Equity	6%	5.8%
International Equity	14%	5.6%
International Small Cap Equity	3%	6.3%
Emerging Market Equity	6%	9.1%
Fixed Income (Core)	19%	0.3%
Fixed Income (Credit)	13%	2.3%
Emerging Market Debt	6%	3.0%
Real Estate	5%	5.1%
Private Debt	5%	5.5%
Cash	1%	0.0%
	100%	

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

NOTE 9 – 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, 2020 are as follows (in thousands):

Total pension liability	$ 1,056,650
Less Plan fiduciary net position	(837,867)
District's net pension liability	$ 218,783
Funded ratio (Plan's fiduciary net position / total pension liability)	79.29%

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, 2020	$ 1,016,940	$ 746,853	$ 270,087
Changes for the year:			
Service cost	26,939	-	26,939
Interest	69,951	-	69,951
Difference between expected and actual experience	5,654	-	5,654
Change of assumptions	-	-	-
Contributions – employer	-	60,989	(60,989)
Contributions – member	-	158	(158)
Net investment income	-	94,790	(94,790)
Benefit payments	(62,834)	(62,834)	-
Administrative expense	-	(2,089)	2,089
Net changes	39,710	91,014	(51,304)
Balance at December 31, 2020	$ 1,056,650	$ 837,867	$ 218,783

NOTE 9 – 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, 2021, calculating using the discount rate of 7.00%, 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 (6.00%) or one-percentage-point higher (8.00%) than the current rate.

	(6.00%) 1% Decrease	(7.00%) Current Discount	(8.00%) 1% Increase
Net pension liability	$ 330,648	$ 218,783	$ 123,333

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, 2021, the District recognized pension expense of $33.8 million. At June 30, 2021, the District reported deferred outflows of resources related to pensions from the following sources (in thousands):

	Outflows of Resources	Inflows of Resources
Employer contributions subsequent to measurement date	$ 29,729	$ -
Differences between expected and actual experience	11,719	-
Changes in assumptions	4,017	3,146
Net difference between projected and actual earnings on pension plan investments	-	49,209
Total	$ 45,465	$ 52,355

Deferred outflows of resources related to contributions subsequent to the measurement date of $29.7 million will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows (in thousands):

	Deferred Outflows/ (Inflows) of Resources
June 30, 2022	$ (9,274)
June 30, 2023	(451)
June 30, 2024	(19,992)
June 30, 2025	(7,586)
June 30, 2025	1,204
	$ (36,359)

Payable to the Pension Plan: As disclosed in Note 5, the District reported a payable of $8.9 million for the outstanding amount of contributions to the Plan for the year ended June 30, 2021.

NOTE 10 – 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, 2020, employee membership in the Trust was as follows:

Inactive plan members or beneficiaries currently receiving benefits	1,115
Active plan members	2,137
	3,252

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 2021, 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

For the year ended June 30, 2021, the District's contributions to the Trust were $4.2 million. As of June 30, 2021, no employee contributions have been received by the Trust.

NOTE 10 – 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, 2020
Measurement date	June 30, 2020
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, 2020 and the total OPEB liability as of the valuation date, June 30, 2020.

The actuarial assumptions used in the June 30, 2020 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, 2020 are summarized in the following table:

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

Changes in Assumptions and Benefit Terms Since Prior Measurement Date – The discount rate was decreased from 2.79% to 2.66% and the long-term investment rate of return was decreased from 1.0% to 0.5%.

Discount Rate: The discount rate used to measure the total OPEB liability was 2.66%. 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, 2020 municipal bond rate.

NOTE 10 – 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, 2020 are as follows (in thousands):

Total OPEB liability	$ 101,069
Less: Trust fiduciary net position	(3,109)
District's net OPEB liability	$ 97,960
Funded ratio (Trust's fiduciary net position / total OPEB liability)	3.08%

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, 2019	$ 99,747	$ 3,900	$ 95,847
Changes for the year:			
Service cost	3,639	-	3,639
Interest	2,828	-	2,828
Difference between expected and actual experience	(2,484)	-	(2,484)
Changes of assumptions	1,401	-	1,401
Contributions – employer	-	4,500	(4,500)
Net investment loss	-	(1,103)	1,103
Benefit payments	(4,062)	(4,062)	-
Administrative expense	-	(126)	126
Net changes	1,322	(791)	2,113
Balance at June 30, 2020	$ 101,069	$ 3,109	$ 97,960

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, 2021, calculating using the discount rate of 2.66%, 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 (1.66%) or 1-percentage-point higher (3.66%) than the current rate.

	(1.66%) 1% Decrease	(2.66%) Current Discount	(3.66%) 1% Increase
Net OPEB liability	$ 109,871	$ 97,960	$ 87,925

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.

NOTE 10 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

OPEB plan fiduciary net position: For the year ended June 30, 2021, the District recognized OPEB gain of $0.1 million. At June 30, 2021, the District reported deferred outflows of resources related to OPEB from the following sources (in thousands):

	Outflows of Resources	Inflows of Resources
Employer contributions subsequent to measurement date	$ 4,213	$ -
Differences between expected and actual experience	-	36,920
Changes in assumptions	5,086	4,697
Net difference between projected and actual earnings on OPEB plan investments	1,243	-
Total	$ 10,542	$ 41,617

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):

	Deferred Outflows/ Inflows of Resources
June 30, 2022	$ (6,514)
June 30, 2023	(6,659)
June 30, 2024	(6,763)
June 30, 2025	(6,796)
June 30, 2026	(6,736)
June 30, 2027	(1,095)
June 30, 2028	(643)
June 30, 2029	(82)
	$ (35,288)

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.

NOTE 10 – 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. 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.

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

NOTE 10 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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, 2020, employee membership in the OPEB Plan was as follows:

Inactive plan members or beneficiaries currently receiving benefits	1,736
Active plan members	2,215
	3,951

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, 2021, the District's contributions to the OPEB Plan were $4.7 million ($2.7 million in benefit payments and $2.0 million to the CERBT). As of June 30, 2021, 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, 2020
Measurement date	June 30, 2020
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 FY2021, decreasing 0.5% per year to an ultimate rate of 5.0% for FY2024 and later Post-65: 5.25% for FY2021, 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. 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.

NOTE 10 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Measurements as of the reporting date are based on the fair value of assets as of June 30, 2020 and the total OPEB liability as of the valuation date, June 30, 2020.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study performed in 2015.

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return Years 1-10	Long Term Expected Real Rate of Return Years 11-60
Global equity	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 2.79% to 2.66%, the investment rate of return was decreased from 7.59% to 6.94%, and includes additional supplemental life insurance benefit and executive life insurance benefit that was added.

Discount Rate: The discount rate used to measure the total OPEB liability was 2.66%. 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, 2020 municipal bond rate.

Net OPEB Liability: The components of the net OPEB liability of the District at the measurement date of June 30, 2020 are as follows (in thousands):

Total OPEB liability	$ 84,829
Less OPEB Plan fiduciary net position	(2,714)
District's net OPEB liability	$ 82,115
Funded ratio (OPEB Plan’s fiduciary net position / total OPEB liability)	3.20%

NOTE 10 – 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, 2019	$ 48,630	$ 2,623	$ 46,007
Changes for the year:			
Service cost	1,809	-	1,809
Interest	1,369	-	1,369
Changes of benefit terms	33,583	-	33,583
Difference between expected and actual experience	3,175	-	3,175
Changes of assumptions	(1,005)	-	(1,005)
Contributions – employer	-	2,732	(2,732)
Net investment income	-	92	(92)
Administrative expenses	-	(1)	1
Benefit payments	(2,732)	(2,732)	-
Net changes	36,199	91	36,108
Balance at June 30, 2020	$ 84,829	$ 2,714	$ 82,115

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, 2021, calculating using the discount rate of 2.66%, 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 (1.66%) or one-percentage-point higher (3.66%) than the current rate.

	(1.66%) 1% Decrease	(2.66%) Current Rate	(3.66%) 1% Increase
Net OPEB liability	$ 96,062	$ 82,115	$ 70,941

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, 2021, 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.

	1% Decrease	Current Rate	1% Increase
Net OPEB liability	$ 76,817	$ 82,115	$ 88,871

NOTE 10 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

OPEB plan fiduciary net position: For the year ended June 30, 2021, the District recognized OPEB expense of $35.8 million. At June 30, 2021, the District reported deferred outflows of resources related to OPEB from the following sources (in thousands):

	Outflows of Resources	Inflows of Resources
Employer contributions subsequent to measurement date	$ 6,000	$ -
Differences between expected and actual experience	3,593	3,853
Changes in assumptions	1,584	6,065
Difference between projected and actual investment earnings	21	-
Total	$ 11,198	$ 9,918

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows (in thousands):

	Deferred Outflows/ Inflows of Resources
June 30, 2022	$ (758)
June 30, 2023	(758)
June 30, 2024	(758)
June 30, 2025	(763)
June 30, 2026	(1,019)
June 30, 2027	(883)
June 30, 2028	219
	$ 4,720

NOTE 11 – 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.

NOTE 11 – COMMITMENTS (Continued)

In fiscal year 2021, the District did not receive any additional funding, and $1.1 million of cost was incurred on various capital projects' design services, construction services and equipment.

The following table shows the changes in activity related to the PTMISEA grant funds during the fiscal year as well as the remaining commitment as of June 30, 2021 (in thousands):

Total Allocations as of June 30, 2021	Less Allocations Passed-through to TJPA as of June 30, 2021	Total Allocations Received in FY 2021	Cumulative Expenses Incurred through June 30, 2021	Interest Income	Commitment at June 30, 2021
$ 112,515	$ (21,165)	$ -	$ (87,269)	$ 509	$ 4,590

NOTE 12 – 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 13, 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, 2021.

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.

NOTE 12 – CONTINGENCIES (Continued)

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

	Payments
2022	$ 2,000
2023	2,000
2024	2,000
2025	2,000
2026	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, 2021 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, 2021.

NOTE 13 – RISK MANAGEMENT

As of June 30, 2021, the District has the following coverages:

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

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

NOTE 13 – RISK MANAGEMENT (Continued)

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

	Workers' Compensation Liability	Public Liability	Dental Liability	Total
Balance at June 30, 2019	$ 56,702	$ 14,051	$ 845	$ 71,598
Claims and changes in estimates	14,754	(608)	4,963	19,108
Claim payments	(12,601)	(3,239)	(4,939)	(20,779)
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	(15,640)	(3,239)	(4,939)	(23,818)
Balance at June 30, 2021	$ 64,643	$ 7,724	$ 757	$ 73,224

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, 2021 are summarized as follows (in thousands):

	Current	Long-term	Total
Workers' compensation liability	$ 16,427	$ 48,216	$ 64,643
Public liability	-	7,724	7,724
Dental liability	757	-	757
	$ 17,284	$ 55,940	$ 73,224

NOTE 14 – 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.

NOTE 14 – 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 2021, the District recognized $25.4 million of revenue and subsidy and incurred $20.6 million of expenses related to the JPA and the Consortium. Neither the JPA nor the Consortium issue separate financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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

	2016	2015
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	(49,875)	(47,410)
Net changes in total pension liability	74,649	25,127
Total pension liability, beginning	810,416	785,289
Total pension liability, ending	$ 885,065	$ 810,416
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	(863)	(867)
Net change in plan fiduciary net position	(9,922)	15,614
Plan fiduciary net position, beginning	563,107	547,493
Plan fiduciary net position, ending	$ 553,185	$ 563,107
Net pension liability, ending	$ 331,880	$ 247,309
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%

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%

* 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

Actuarial assumptions:

Discount rate	7.00%
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.

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

Notes to Schedule:

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

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

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

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%

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

Notes to Schedule:

Valuation date	July 1, 2020
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value
Actuarial assumptions:	
Discount rate	2.66%
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.

	2021	2020	2019	2018
Total OPEB liability:				
Service cost	$ 1,809	$ 1,818	$ 2,327	$ 2,136
Interest	1,369	1,606	1,681	1,655
Changes of benefit terms	33,583	-	-	-
Differences between expected and actual experience	3,175	(3,438)	(1,286)	739
Changes of assumptions	(1,005)	(5,919)	1,256	223
Benefit payments	(2,732)	(2,331)	(2,331)	(2,505)
Net changes in total OPEB liability	36,199	(8,264)	1,647	2,249
Total OPEB liability, beginning	48,630	56,894	54,247	51,998
Total OPEB liability, ending	$ 84,829	$ 48,630	$ 56,894	$ 54,247
Plan fiduciary net position:				
Contributions – employer	$ 2,732	$ 3,831	$ 3,831	$ 3,505
Net investment income (loss)	92	124	124	-
Benefit payments	(1)	(1)	(1)	-
Administrative expense	(2,732)	(2,331)	(2,331)	(2,505)
Net change in plan fiduciary net position	91	1,623	1,623	1,000
Plan fiduciary net position, beginning	2,623	1,000	1,000	-
Plan fiduciary net position, ending	$ 2,714	$ 2,623	$ 2,623	$ 1,000
Net OPEB liability, ending	$ 82,115	$ 46,007	$ 54,271	$ 53,247
Plan fiduciary net position as a percentage of the total OPEB liability	3.20%	5.39%	4.61%	1.81%
Covered payroll	$ 229,300	$ 230,000	$ 228,600	$ 229,600
Net OPEB liability as a percentage of covered payroll	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 FY2021, the discount rate decreased from 2.79% to 2.66%, the investment rate of return was decreased from 7.59% to 6.94%. In FY2020, the health mortality assumptions were updated. In FY2019, the discount rate decreased from 2.98% to 2.79% and the mortality improvement scale was updated from MP-2017 on a fully generational basis to MP-2018 on a fully generational basis.

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

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

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	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%

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

Notes to Schedule:

Valuation date	July 1, 2020
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value

Actuarial assumptions:

Discount rate	2.66%
Salary increases	3.50%
Mortality	RP-2014 headcount weighted Blue Collar Mortality Table (backed off to 2006 using MP-2014) with application of the MP-2019 improvement scale on a fully generational basis for Union employees and retirees. RP-2014 headcount weighted White Collar Mortality Table (backed off to 2006 using MP-2014) with application of the MP-2019 improvement scale on a fully generational basis used for non-represented employees and retirees.
Health care trend rate	Pre-65: 7.0% for FY2021, decreasing 0.5% per year to an ultimate rate of 5.0% for FY2024 and later Post-65: 5.5% for FY2021, decreasing 0.25% per year to an ultimate rate of 5.0% for FY2022 and later

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

SUPPLEMENTARY INFORMATION

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents (Note 3)	$ 103,354	$ 75,087
Restricted cash and cash equivalents:		
Restricted for capital purchases (Note 3)	18,200	18,228
Investments (Note 3)	58,010	20,007
Receivables:		
Federal and local grants:		
Capital	14,643	16,787
Planning, operating and other (Note 7)	8,952	32,509
Property tax	15,978	12,179
Local sales tax	21,146	12,914
Other trade receivables	7,586	15,502
Total receivables, net	68,305	89,891
Due from Pension Trust Fund (Note 5)	11,290	5,471
Inventory	14,983	14,158
Prepaid expenses	14,850	11,785
Total current assets	288,992	234,627
Noncurrent assets		
Restricted cash and cash equivalents:		
Restricted for certificates of participation - debt service (Note 3)	1,137	1,137
Capital assets (Note 4)		
Nondepreciable	164,047	149,058
Depreciable, net	277,216	310,818
Total capital assets, net	441,263	459,876
Total noncurrent assets	442,400	461,013
Total assets	731,392	695,640
DEFERRED OUTFLOWS OF RESOURCES		
Pension related (Note 9)	45,465	45,570
OPEB related (Note 10)	21,740	12,382
Deferred loss on refunding debt (Note 8)	541	583
Total deferred outflows of resources	67,746	58,535
Total assets and deferred outflows of resources	$ 799,138	$ 754,175

	2021	2020
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	$ 9,096	$ 14,806
Accrued salaries and wages	4,170	7,846
Current portion of accrued vacation and sick leave	22,080	20,184
Due to Pension Trust Fund (Note 5)	8,887	4,888
Unearned revenue	12,391	7,842
Other accrued liabilities	13,828	20,061
Accrued interest payable	172	145
Current portion of claims liabilities (Note 13)	17,284	16,480
Current portion of remediation obligations (Note 12)	67	67
Total current liabilities	87,975	92,319
Noncurrent liabilities		
Accrued vacation and sick leave	10,090	9,962
Claims liabilities (Note 13)	55,940	53,448
Remediation obligations (Note 12)	952	952
Certificates of participation (Note 8)	11,655	11,655
Revolving line of credit (Note 8)	15,000	15,000
Net pension liability (Note 9)	218,783	270,087
Net OPEB liability (Note 10)	180,075	141,853
Total noncurrent liabilities	492,495	502,957
Total liabilities	580,470	595,276
DEFERRED INFLOWS OF RESOURCES		
Pension related (Note 9)	52,355	28,395
OPEB related (Note 10)	51,535	57,910
Total deferred inflows of resources	103,890	86,305
Total liabilities and deferred inflows of resources	684,360	681,581
NET POSITION		
Net investment in capital assets	429,608	448,221
Restricted for capital purchases (Note 11)	18,200	18,228
Restricted for debt service	965	992
Unrestricted	(333,995)	(394,847)
Total net position	$ 114,778	$ 72,594

	2021	2020
Operating Revenues		
Passenger fares	$ 11,900	$ 42,478
Contract services	11,822	14,169
Operating revenues of JPA and consortium (Note 14)	648	2,012
Other	3,741	3,338
Total operating revenues	28,111	61,997
Operating expenses		
Operator wages	75,776	89,804
Other wages	73,014	74,538
Fringe benefits	189,665	188,598
Depreciation (Note 4)	43,107	44,260
Fuel and oil	8,796	11,897
Other material and supplies	12,329	14,404
Services	36,688	65,779
Insurance	11,496	8,027
Expenses of JPA and consortium (Note 14)	20,585	31,249
Other	13,994	9,408
Total operating expenses	485,450	537,964
Operating loss	(457,339)	(475,967)
Non-operating revenues (expenses)		
Operating assistance:		
Property taxes	159,283	149,103
Local sales tax (Note 7)	106,415	101,743
Local funds (Note 7)	82,449	90,656
State (Note 7)	25,975	31,283
Federal (Note 7)	91,043	41,172
Non-operating revenues of JPA and consortium	25,449	26,638
Gain (loss) on sale of capital assets	(8)	687
Interest income	40	933
Interest expense	(510)	(822)
Net non-operating revenues (expenses)	490,136	441,393
Loss before capital contributions	32,797	(34,574)
Capital contributions (Note 6)	9,387	35,306
Change in net position	42,184	732
Net position at beginning of year	72,594	71,862
Net position at end of year	$ 114,778	$ 72,594

	2021	2020
Cash flows from operating activities		
Cash received from customers	$ 36,187	$ 51,042
Cash payments to suppliers for goods and services	(116,425)	(145,256)
Cash payments to employees for services and benefit payments	(346,677)	(340,265)
Other operating receipts	4,389	5,350
Net cash used in operating activities	(422,526)	(429,129)
Cash flows from noncapital financing activities		
Operating assistance received	502,140	414,758
Net cash provided by noncapital financial activities	502,140	414,758
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(24,502)	(58,596)
Capital contributions received	11,531	40,623
Proceeds from sale of capital assets	-	687
Proceeds from revolving line of credit	-	15,000
Proceeds from refunding on certificates of participation	-	11,655
Principal paid on certificates of participation	42	(12,335)
Interest paid on certificates of participation	(483)	(427)
Net cash used in capital and related financial activities	(13,412)	(3,393)
Cash flows from investing activities		
Proceeds from investments	19,986	62,117
Purchase of investments	(57,989)	(42,575)
Investment income	40	933
Net cash used in investing activities	(37,963)	20,475
Change in cash and cash equivalents	28,239	2,711
Cash and cash equivalents, beginning of year	94,452	91,741
Cash and cash equivalents, end of year	$ 122,691	94,452
Summary of cash and cash equivalents reported on the Statement of Net Position:		
Unrestricted cash and cash equivalents	$ 103,354	75,087
Restricted cash and cash equivalents - capital purchases	18,200	18,228
Restricted for - certificates of participation - debt service	1,137	1,137
Total cash and cash equivalents reported on the Statement of Net Position	$ 122,691	$ 94,452

		2021		2020
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	$	(457,339)	$	(475,967)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation		43,107		44,260
Effect of changes in assets and liabilities:				
Other trade receivables		7,916		61
Inventory		(825)		(1,672)
Due to/from Pension Trust Fund		(1,820)		508
Prepaid expenses		(3,065)		(1,562)
Accounts payable and accrued expenses		(5,710)		(4,292)
Accrued salaries and wages		(3,676)		4,256
Accrued vacation and sick leave		2,024		3,551
Unearned revenue		4,549		(5,666)
Other accrued liabilities		(6,233)		4,704
Claims liabilities		3,296		(1,670)
Net pension liability and deferred outflows/inflows from pension		(27,239)		4,352
Net OPEB liability and deferred outflows/inflows from OPEB		22,489		8
Net cash used in operating activities	$	(422,526)	$	(429,129)

Supplemental disclosure of cash flow information				
Non-cash investing, capital, and financing transactions:				
Net appreciation in fair value of investments	$	4	$	2
Construction in progress in accounts payable and accrued expenses		-		-
(Gain) loss on sale of capital assets		8		(687)

	2021	2020
Revenues:		
Passenger fares	$ 12,548	$ 44,490
BART transfers	3,666	5,532
Contract services	8,156	8,637
Advertising	1,262	1,349
Interest income	40	933
Other	2,479	1,976
Total operating revenues	28,151	62,917
Subsidies:		
Property taxes	129,229	119,487
Property taxes - Measure VV	30,054	29,615
Local sales tax - Measure B	34,026	31,002
Local sales tax - Measure BB	37,802	34,304
Local sales tax - Measure J	5,593	4,784
Local operating assistance	12,645	21,311
State - AB1107	43,121	44,486
State - AB2972 Home to School	1,500	-
State - TDA	71,931	76,626
State - STA	28,285	37,807
Federal operating assistance	96,428	41,172
Total subsidies	490,614	440,594
Total revenue & subsidies	518,765	503,511
Expenses:		
Operator wages	75,776	89,804
Other wages	73,014	74,538
Fringe benefits	156,474	124,824
Pension expense	33,190	63,774
Services	36,688	65,779
Fuel & lubricants	8,796	11,897
Office/Printing supplies	605	715
Bus parts/Maint. supplies	12,111	14,647
Utilities	4,106	3,863
Insurance	11,496	8,027
Other expenses	9,510	3,883
Purchased transportation	20,585	31,249
Interest expense	510	822
Total operating expenses	442,861	493,822
Excess of revenues over expenses	75,904	9,689
Depreciation	(43,107)	(44,260)
Capital contributions	9,387	35,306
Change in net position	$ 42,184	$ 735

	Actual	Final Budget	Variance Favorable (Unfavorable)
Revenues:			
Passenger fares	$ 12,548	$ 21,918	$ (9,370)
BART transfers	3,666	4,824	(1,158)
Contract services	8,156	9,786	(1,630)
Advertising	1,262	1,147	115
Interest income	40	630	(590)
Other	2,479	2,748	(269)
Total operating revenues	28,151	41,053	(12,902)
Subsidies:			
Property taxes	129,229	118,568	10,661
Property taxes - Measure VV	30,054	28,678	1,376
Local sales tax - Measure B	34,026	22,573	11,453
Local sales tax - Measure BB	37,802	24,590	13,212
Local sales tax - Measure J	5,593	3,611	1,982
Local operating assistance	12,645	15,452	(2,807)
State - AB1107	43,121	32,057	11,064
State - AB2972 Home to School	1,500	1,000	500
State - TDA	71,931	57,056	14,875
State - STA	28,285	23,080	5,205
Federal operating assistance	96,428	98,646	(2,218)
Total subsidies	490,614	425,311	65,303
Total revenue & subsidies	518,765	466,364	52,401
Expenses:			
Operator wages	75,776	80,579	4,803
Other wages	73,014	74,396	1,382
Fringe benefits	156,474	122,139	(34,335)
Pension expense	33,190	61,950	28,760
Services	36,688	37,885	1,197
Fuel & lubricants	8,796	13,602	4,806
Office/Printing supplies	605	1,140	535
Bus parts/Maint. supplies	12,111	16,993	4,882
Utilities	4,106	6,815	2,709
Insurance	11,496	20,504	9,008
Other expenses	9,510	3,223	(6,287)
Purchased transportation	20,585	26,647	6,062
Interest expense	510	491	(19)
Total operating expenses	442,861	466,364	23,503
Excess of revenues over expenses	75,904	$ -	$ 75,904
Depreciation and amortization	(43,107)		
Capital contributions	9,387		
Change in net position	$ 42,184		

	STSD #1	STSD #2	Total	STSD #2 as a % of Total
Revenues:				
Passenger fares	$ 11,967,639	$ 580,811	$ 12,548,450	4.63%
BART transfers	3,496,558	169,694	3,666,252	4.63%
Contract services	8,155,652	-	8,155,652	0.00%
Advertising	1,120,540	141,491	1,262,031	11.21%
Interest income	34,377	5,265	39,642	13.28%
Other	2,201,048	277,926	2,478,974	11.21%
Total operating revenues	26,975,814	1,175,187	28,151,001	4.17%
Subsidies:				
Property taxes	103,949,299	25,280,153	129,229,452	19.56%
Property taxes - Measure VV	30,053,598	-	30,053,598	0.00%
Local sales tax - Measure B	31,469,822	2,556,328	34,026,150	7.51%
Local sales tax - Measure BB	33,564,234	4,238,163	37,802,397	11.21%
Local sales tax - Measure J	5,592,588	-	5,592,588	0.00%
Local operating assistance	9,338,440	3,306,135	12,644,575	26.15%
State - AB1107	38,088,548	5,032,190	43,120,738	11.67%
State - AB2972 Home to School	1,500,000	-	1,500,000	0.00%
State - TDA	58,974,104	12,957,296	71,931,400	18.01%
State - STA	24,494,595	3,790,748	28,285,343	13.40%
Federal operating assistance	85,872,357	10,555,798	96,428,155	10.95%
Total subsidies	422,897,585	67,716,811	490,614,396	13.80%
Total revenue & subsidies	449,873,399	68,891,998	518,765,397	13.28%
Expenses:				
Operator wages	68,228,862	7,547,306	75,776,168	9.96%
Other wages	64,827,835	8,185,824	73,013,659	11.21%
Fringe benefits	139,934,973	16,539,334	156,474,307	10.57%
Pension expense	29,682,113	3,508,218	33,190,331	10.57%
Services	32,574,424	4,113,179	36,687,603	11.21%
Fuel & lubricants	7,809,405	986,095	8,795,500	11.21%
Office/Printing supplies	536,757	67,776	604,533	11.21%
Bus parts/Maint. supplies	10,753,482	1,357,844	12,111,326	11.21%
Utilities	3,645,484	460,316	4,105,800	11.21%
Insurance	10,207,377	1,288,888	11,496,265	11.21%
Other expenses	8,443,484	1,066,161	9,509,645	11.21%
Purchased transportation	16,887,267	3,697,367	20,584,634	17.96%
Interest expense	454,031	56,412	510,443	11.05%
Depreciation	38,274,484	4,832,927	43,107,411	11.21%
Total operating expenses	432,259,978	53,707,647	485,967,625	11.05%
Income (loss) before capital contributions	17,613,421	15,184,351	32,797,772	46.30%
Capital contributions	8,826,141	560,758	9,386,899	5.97%
Change in net position	$ 26,439,562	$ 15,745,109	$ 42,184,671	

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, 2021 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.