

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

FINANCIAL STATEMENTS

June 30, 2025

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

Year Ended June 30, 2025

Table of Contents

<u>Introductory Section</u>	<u>Page</u>
Table of Contents	i
Letter of Transmittal	iii
Organizational Chart	x
Principal Officials	xi
<u>Financial Section</u>	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis (Required Supplementary Information)	5
Basic Financial Statements:	
Enterprise Fund:	
Statement of Net Position	15
Statement of Revenues, Expenses, and Changes in Net Position.....	17
Statement of Cash Flows	18
Pension and OPEB Trust Fund:	
Statement of Fiduciary Net Position.....	20
Statement of Changes in Fiduciary Net Position.....	21
Notes to the Financial Statements	22
Required Supplementary Information:	
Pension Plan – Schedule of Changes in the Employer's Net Pension Liability and Related Ratios – Last 10 Fiscal Years	52
Pension Plan – Schedule of Employer's Contributions – Last 10 Fiscal Years.....	54
OPEB Plan (Trust) – Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios – Last 10 Fiscal Years	55
OPEB Plan (Trust) – Schedule of Employer's Contributions – Last 10 Fiscal Years.....	56
OPEB Plan (Non-Trust) – Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios – Last 10 Fiscal Years	57
OPEB Plan (Non-Trust) – Schedule of Employer's Contributions – Last 10 Fiscal Years...	58

Other Supplementary Information:

Enterprise Fund – Comparative Schedules of Net Position	59
Enterprise Fund – Comparative Schedules of Revenues, Expenses, and Changes in Net Position.....	61
Enterprise Fund – Comparative Schedules of Cash Flows	62
Comparative Schedules of Revenues, Expenses, and Changes in Net Position – Budgetary Basis – Enterprise Fund – Transit Only.....	64
Schedule of Revenues, Subsidies and Expenses, Budget Versus Actual – Budgetary Basis – Enterprise Fund – Transit Only	65
Schedule of Revenues and Expenses by Service Area – Budgetary Basis – Enterprise Fund – Transit Only	66
Notes to Supplementary Information	67
Combining Schedule of Fiduciary Net Position.....	68
Combining Schedule of Changes in Fiduciary Net Position	69

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of Alameda-Contra Costa Transit District (the District), as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the AC Transit Employees' Retirement Plan, which represent 99.6 percent and 99.6 percent, respectively, of the assets and net position of the fiduciary activities as of June 30, 2025, and 97.0 percent of the additions of the fiduciary activities for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the AC Transit Employees' Retirement Plan, is based solely on the report of the other auditors.

Basis for Opinions

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

(Continued)

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit for the year ended June 30, 2025 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Other Supplementary Information for the year ended June 30, 2025 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2025 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2025.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of District as of and for the year ended June 30, 2024 (not presented herein) and have issued our report thereon dated September 26, 2025 which contained unmodified opinions on the respective financial statements of the business-type activities and fiduciary activities. The Comparative Schedules of Net Position, Comparative Schedules of Revenues, Expenses, and Changes in Net Position, Comparative Schedules of Cash Flows, and Comparative Schedules of Revenues, Expenses, and Changes in Net Position – Budgetary Basis (referred to collectively as "Comparative Schedules") for the year ended June 30, 2024 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2024 financial statements. The information was subjected to the audit procedures applied in the audit of the 2024 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Comparative Schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2024.

(Continued)

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated <>, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

San Francisco, California

<>, 2025

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
ENTERPRISE FUND
STATEMENT OF NET POSITION**
June 30, 2025
(In thousands)

ASSETS

Current assets

Cash and cash equivalents (Note 3)	\$ 95,883
Investments (Note 3)	119,799
 Receivables:	
Federal and local grants:	
Capital	12,613
Planning, operating and other (Note 7)	37,814
Property tax	4,110
Local sales tax	15,122
Lease receivable	534
Other trade receivables	9,320
Total receivables, net	<u>79,513</u>
Due from Pension Trust Fund (Note 5)	6,677
Inventory	15,590
Prepaid expenses	14,981
Total current assets	<u>332,443</u>

Noncurrent assets

Restricted cash and cash equivalents:	
Restricted for capital purchases (Note 3)	120,908
Restricted for certificates of participation - debt service (Note 3)	1,184
Lease receivable	13,471
Capital assets (Note 4)	
Nondepreciable	79,807
Depreciable, net	328,941
Right-to-use lease assets, net	6,064
Subscription assets, net	4,910
Total capital assets, net	<u>419,722</u>
Total noncurrent assets	<u>555,285</u>
Total assets	<u>887,728</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension related (Note 11)	60,586
OPEB related (Note 12)	18,288
Deferred loss on refunding debt (Note 8)	362
Total deferred outflows of resources	<u>79,236</u>
Total assets and deferred outflows of resources	<u>\$ 966,964</u>

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
ENTERPRISE FUND
STATEMENT OF NET POSITION
June 30, 2025
(In thousands)

LIABILITIES

Current liabilities

Accounts payable and accrued expenses	\$ 22,971
Accrued salaries and wages	1,353
Current portion of accrued vacation and sick leave	17,895
Due to Pension Trust Fund (Note 5)	11,735
Unearned revenue	18,616
Other accrued liabilities	13,711
Accrued interest payable	178
Current portion of lease liability (Note 9)	227
Current portion of subscription liability (Note 10)	2,366
Current portion of claims liabilities (Note 15)	30,918
Current portion of remediation obligations (Note 14)	67
Current portion of certificates of participation (Note 8)	840
Total current liabilities	<u>120,877</u>

Noncurrent liabilities

Accrued vacation and sick leave	8,639
Lease liability (Note 9)	6,183
Subscription liability (Note 10)	2,128
Claims liabilities (Note 15)	77,091
Remediation obligations (Note 14)	952
Certificates of participation (Note 8)	8,760
Net pension liability (Note 11)	274,538
Net OPEB liability (Note 12)	124,465
Total noncurrent liabilities	<u>502,756</u>
Total liabilities	<u>623,633</u>

DEFERRED INFLOWS OF RESOURCES

Pension related (Note 11)	2,462
OPEB related (Note 12)	52,884
Lease related	13,051
Total deferred inflows of resources	<u>68,397</u>
Total liabilities and deferred inflows of resources	<u>692,030</u>

NET POSITION

Net investment in capital assets	399,219
Restricted for capital purchases	120,908
Restricted for debt service	1,005
Unrestricted	(246,198)
Total net position	<u>\$ 274,934</u>

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

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
ENTERPRISE FUND**
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year ended June 30, 2025
(In thousands)

Operating Revenues

Passenger fares	\$ 32,773
Contract services	11,667
Operating revenues of JPA and consortium (Note 16)	1,985
Other	3,150
Total operating revenues	<u>49,575</u>

Operating expenses

Operator wages	96,032
Other wages	89,475
Fringe benefits	217,393
Depreciation and amortization (Note 4)	59,526
Fuel and oil	15,129
Other material and supplies	19,860
Services	48,419
Insurance	32,368
Expenses of JPA and consortium (Note 16)	46,669
Other	16,585
Total operating expenses	<u>641,456</u>
Operating loss	<u>(591,881)</u>

Non-operating revenues (expenses)

Operating assistance:	
Property taxes	193,542
Local sales tax (Note 7)	129,593
Local funds (Note 7)	106,655
State (Note 7)	43,509
Federal (Note 7)	45,677
Non-operating revenues of JPA and consortium	32,679
Interest income	11,759
Interest expense	(790)
Net non-operating revenues (expenses)	<u>562,624</u>
Gain (loss) before capital contributions	<u>(29,257)</u>
Capital contributions (Note 6)	<u>42,501</u>
Change in net position	13,244
Net position at beginning of year	<u>261,690</u>
Net position at end of year	<u>\$ 274,934</u>

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

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
ENTERPRISE FUND
STATEMENT OF CASH FLOWS
Year ended June 30, 2025
(In thousands)**

Cash flows from operating activities

Cash received from customers	\$ 37,626
Cash payments to suppliers for goods and services	(160,370)
Cash payments to employees for services and benefit payments	(405,921)
Other operating receipts	5,135
Net cash from operating activities	<u>(523,530)</u>

Cash flows from noncapital financing activities

Operating assistance received	555,200
Net cash from noncapital financial activities	<u>555,200</u>

Cash flows from capital and related financing activities

Acquisition and construction of capital assets	(56,496)
Capital contributions received	47,699
Principal paid on certificates of participation	(820)
Interest paid on certificates of participation	(761)
Net cash from capital and related financial activities	<u>(10,376)</u>

Cash flows from investing activities

Proceeds from investments	270,488
Purchase of investments	(290,427)
Investment income	11,759
Net cash from investing activities	<u>(8,180)</u>

Change in cash and cash equivalents 13,114

Cash and cash equivalents, beginning of year 204,861

Cash and cash equivalents, end of year \$ 217,975

Summary of cash and cash equivalents reported on
the Statement of Net Position:

Unrestricted cash and cash equivalents	\$ 95,883
Restricted cash and cash equivalents - capital purchases	120,908
Restricted for - certificates of participation - debt service	<u>1,184</u>

Total cash and cash equivalents reported on the
Statement of Net Position \$ 217,975

(Continued)

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
ENTERPRISE FUND
STATEMENT OF CASH FLOWS
Year ended June 30, 2025
(In thousands)**

Reconciliation of operating loss to net cash used

in operating activities:

Operating loss	\$ (591,881)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation/amortization	59,526
Effect of changes in assets and liabilities:	
Other trade receivables	(2,549)
Inventory	1,170
Due to/from Pension Trust Fund	10,262
Prepaid expenses	(206)
Accounts payable and accrued expenses	4,475
Accrued salaries and wages	103
Accrued vacation and sick leave	(6,957)
Unearned revenue	(4,265)
Other accrued liabilities	1,009
Claims liabilities	12,417
Lease assets and liabilities	(207)
Subscription assets and liabilities	2
Net pension liability and deferred outflows/inflows from pension	2,257
Net OPEB liability and deferred outflows/inflows from OPEB	<u>(8,686)</u>
Net cash from operating activities	<u><u>\$ (523,530)</u></u>

Supplemental disclosure of cash flow information

Non-cash investing, capital, and financing transactions:

Net appreciation/(depreciation) in fair value of investments	\$ 807
Construction in progress in accounts payable and accrued expenses	1,295
(Gain) loss on sale of capital assets	(2)

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

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
STATEMENT OF FIDUCIARY NET POSITION

June 30, 2025
(In thousands)

	Pension and OPEB Trust Funds
ASSETS	
Cash and cash equivalents	\$ 19,950
Contributions receivable from the District (Note 5)	7,532
Interest receivable and other investment receivables	15,690
Investments at fair value:	
Domestic equity	305,697
International equity	220,197
Domestic fixed income	160,505
Credit fixed income	173,218
Private debt	23,626
Private equity	6,226
Real estate funds	53,262
Total investments	<u>942,731</u>
Total assets	<u>985,903</u>
LIABILITIES	
Accounts payable and accrued expenses	11,994
Due to the District (Note 5)	<u>6,022</u>
Total liabilities	<u>18,016</u>
NET POSITION	
Restricted for:	
Pension	964,220
Other postemployment benefits (OPEB)	3,667
Total net position	<u>\$ 967,887</u>

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

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 Year ended June 30, 2025
 (In thousands)

	<u>Pension and OPEB Trust</u>
ADDITIONS	
Employer contributions	\$ 74,196
Employee contributions	2,999
Investment income:	
Dividends and interest income	10,805
Net appreciation in fair value of investments	72,248
Investment expenses	(2,052)
Net investment income	<u>81,001</u>
Total additions	<u>158,196</u>
DEDUCTIONS	
Benefit payments	75,878
Administrative expenses	1,485
Total deductions	<u>77,363</u>
Net increase in net position	80,833
Net position, beginning of year	<u>887,054</u>
Net position, end of year	<u>\$ 967,887</u>

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

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – THE FINANCIAL REPORTING ENTITY

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

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

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

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

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

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

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

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

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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, 2025 is \$1.183 million. The reserves are reported as non-current assets.

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

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

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

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

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

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

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

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Contract Services: The District entered into an agreement with San Francisco Bay Area Rapid Transit District's (BART) in which payments are allocated to the District from BART for feeder services to facilitate the coordination of transit service and encourage transit use and improve the quality of transit service. See Note 16 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 supersedes 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 \$30.5 million in Measure C1 taxes during the year ended June 30, 2025.

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

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

In accordance with GASB Statement No. 101, *Compensated Absences*, the District accrues a liability for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

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, 2024, the District has restricted net position in the amount of \$792,000 related to the 2019 Certificates of Participation (COPS) and \$107.8 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. 101, *Compensated Absences*, was adopted as June 30, 2025. The District analyzed the impact of retrospectively as required by the Statement, but determined the impact was not material to the financial statements. As of June 30, 2025, the District has a liability for compensated absences of approximately \$26.5 million.
- GASB Statement No. 102, *Certain Risk Disclosures*, was adopted with no impact on the financial statements.

NOTE 3 – CASH AND INVESTMENTS

Investment Policy: The District's investment policy, which is more restrictive than required by the California Government Code, stipulates the type, maturity limit, and diversification of securities held by the District. The objectives of the policy, in order of priority, are compliance with applicable laws, preservation of capital, liquidity to meet required cash demands and maximization of income. The District's investment policy does not permit investments in medium term notes, municipal securities or reverse repurchase agreements, which are permitted by the California Government Code.

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 3 – CASH AND INVESTMENTS (Continued)

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)

Presentation: At June 30, 2025, the District's cash and investments consisted of the following (in thousands):

Cash and cash equivalents	\$ 217,975
Investments	<u>119,799</u>
 Total	 <u>\$ 337,774</u>
 Reported in the Enterprise Fund as:	
Cash and cash equivalents	\$ 95,883
Restricted – noncurrent cash and cash equivalents	122,092
Investments	<u>119,799</u>
 Total	 <u>\$ 337,774</u>

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

The District has the following recurring fair value measurements as of June 30, 2025:

- U.S. Treasury bills of \$119.8 million are based on quoted market prices in active markets for identical assets using the market approach (Level 1 inputs).

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

Credit Risk – The District's credit rating risk is governed by the California Government Code 53601 which limits investments in money markets to the highest ranking attained by the rating agency which is Aaa/AA+. The District had no investments in money market accounts as of June 30, 2025. 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 \$119.8 million of U.S. Treasury notes bills as of June 30, 2025, which were all rated Aaa/AA.

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 3 – CASH AND INVESTMENTS (Continued)

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, 2025.

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, 2025, there was no exposure to foreign currency risk as all the District's cash equivalents and investments are denominated in U.S. dollar currency.

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, 2025 (in thousands):

	<u>July 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2025</u>
Non-depreciable capital assets:					
Land	\$ 28,686	\$ -	\$ -	\$ -	\$ 28,686
Work in progress	50,744	53,027	-	(52,650)	51,121
Total	79,430	53,027	-	(52,650)	79,807
Depreciable capital assets:					
Revenue equipment	526,968	-	(3,151)	48,987	572,804
Service vehicles and other equipment	148,591	-	(8)	3,144	151,727
Buildings, structure and improvements	447,566	-	-	519	448,085
Total	1,123,125	-	(3,159)	52,650	1,172,616
Less: accumulated depreciation:					
Revenue equipment	(362,954)	(33,976)	3,145	-	(393,785)
Service vehicles and other equipment	(131,075)	(3,092)	-	-	(134,167)
Buildings, structure and improvements	(296,909)	(18,189)	5	-	(315,725)
Total	(790,938)	(55,887)	3,150	-	(843,675)
Depreciable capital assets net of accumulated depreciation	332,187	(55,887)	(9)	52,650	328,941
Capital assets, net of accumulated depreciation	\$ 411,617	\$ (2,860)	\$ (9)	\$ -	\$ 408,748

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 4 – CAPITAL ASSETS (Continued)

	<u>July 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2025</u>
Right-to-use lease buildings/structure	\$ 6,642	\$ 205	\$ -	\$ -	\$ 6,847
Less: accumulated amortization of right-to-use lease buildings/ structure	(347)	(436)	-	-	(783)
Right-to-use lease buildings/structure net of accumulated amortization	<u>\$ 6,295</u>	<u>\$ (231)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,064</u>
Subscription assets	\$ 7,786	\$ 3,224	\$ -	\$ -	\$ 11,010
Less: accumulated amortization of subscription assets	(2,351)	(3,749)	-	-	(6,100)
Subscription assets net of accumulated amortization	<u>\$ 5,435</u>	<u>\$ (525)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,910</u>

NOTE 5 – INTERFUND RECEIVABLES/PAYABLES

The Enterprise Fund in the accompanying basic financial statements is reported as of June 30, 2025 and the Pension Trust Fund is reported as of December 31, 2024; therefore, interfund payables and receivables do not equal. Interfund receivables and payables arise due to the following two reasons.

First, the timing of reimbursements from the Pension Trust Fund for administration costs and retiree benefits payments made by the District. At June 30, 2025 and December 31, 2024, the Pension Trust Fund had a payable to the Enterprise Fund of \$6.7 million and \$6.0 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, 2025 and December 31, 2024, the Pension Trust Fund had a receivable from the Enterprise Fund of \$11.7 million and \$7.5 million, respectively, for contributions to be made by the Enterprise Fund to the Pension Trust Fund.

NOTE 6 – CAPITAL CONTRIBUTIONS ASSISTANCE

The District has several grant contracts in process with the FTA that provide federal funds for the acquisition of buses, other equipment and improvements. Under the terms of the grants, proceeds from equipment sold or retired are refundable to the federal government in proportion to the original federal capital grant funds used in the purchase. The District has also received allocations of funds generated from net bridge toll revenues of the San Francisco-Oakland Bay Bridge and from PTMISEA grants, see Note 13. 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, 2025 as follows (in thousands):

Federal grants	\$ 22,071
State and local grants	<u>\$ 20,430</u>
	<u><u>\$ 42,501</u></u>

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 7 – OPERATING ASSISTANCE

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

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

Below is a summary of state and local operating assistance for the year ended June 30, 2025 (in thousands):

Local operating assistance:

Operating revenues	\$ 5,355
Transportation Development Act	90,574
Regional Measure 2	11,473
Regional Measure 3	7,487
Less: amount reported within non-operating revenues of JPA and consortium	<u>(8,234)</u>
	<u>\$ 106,655</u>

State operating assistance:

State Transit and Operating Assistance	\$ 43,034
Other state assistance	7,620
Pass thru	270
Less: amount reported within non-operating revenues of JPA and consortium	<u>(7,413)</u>
	<u>\$ 43,509</u>

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

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

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

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 7 – OPERATING ASSISTANCE (Continued)

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

Local sales tax assistance for the year ended June 30, 2025, is summarized below (in thousands):

AB 1107	\$ 53,096
Measure J	7,384
Measure BB	86,145
Less: amount reported within non-operating revenues of JPA and consortium	<u>(17,032)</u>
	<u><u>\$ 129,593</u></u>

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, 2025 are summarized below (in thousands):

5307 and 5309 Operating grants	\$ 45,677
Less: amount reported within non-operating revenues of JPA and consortium	<u>-</u>
	<u><u>\$ 45,677</u></u>

At June 30, 2025, federal operating grant funds totaling \$0.3 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, 2025 (in thousands):

	<u>Original Issue Amount</u>	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2024</u>	<u>Amount Due Within One Year</u>
Direct Placements						
2019 Refunding COP 2.195% - 3.326%, due August 1, 2034	\$ 11,655	\$ 10,420	\$ -	\$ 820	\$ 9,600	\$ 840
Total long-term debt		<u>10,420</u>	<u>-</u>	<u>820</u>	<u>9,600</u>	<u>840</u>
Other long-term liabilities						
Lease liability		6,470	205	(265)	6,410	227
Subscription liability		5,017	3,224	(3,747)	4,494	2,366
Accrued vacation and sick leave		33,491	15,393	(22,350)	26,534	17,895
Claims liabilities (Note 15)		95,592	28,417	(16,000)	108,009	30,918
Remediation obligations (Note 14)		1,019	-	-	1,019	67
Total long-term liabilities		<u>\$ 152,009</u>	<u>\$ 47,239</u>	<u>\$ (42,362)</u>	<u>\$ 146,466</u>	<u>\$ 51,473</u>

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 8 – LONG-TERM LIABILITIES (Continued)

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

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

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 840	\$ 282	\$ 1,122
2027	865	257	1,122
2028	885	237	1,122
2029	915	207	1,122
2030	940	182	1,122
2031-2035	<u>5,155</u>	<u>432</u>	<u>5,587</u>
Total	\$ 9,600	\$ 1,597	\$ 11,197

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, 2025, is approximately **\$60 million**.

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

NOTE 9 – LEASES

The District is the lessee under one lease for buildings and structure. This lease began in 2017 and runs through fiscal year 2043 and includes 3% annual rent escalators. As required by GASB Statement No. 87, the District has recorded a net lease asset of \$6.1 million and a lease liability of \$6.4 million as of June 30, 2025. The District recognized \$0.2 million of interest expense and \$0.4 million of amortization expense for the year ended June 30, 2025. The District also leases other buildings and structures which have variable rates and thus are recognized as incurred.

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 9 – LEASES (Continued)

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

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	227	130	357
2027	218	150	368
2028	234	144	378
2029	252	138	390
2030	270	131	401
2031-2035	1,652	542	2,194
2036-2040	2,243	301	2,544
2041-2043	<u>1,314</u>	<u>35</u>	<u>1,349</u>
Total	<u>\$ 6,410</u>	<u>\$ 1,571</u>	<u>\$ 7,981</u>

The District is also the lessor in several lease agreements for warehouse space, cell phone sites, and bus bay terminals. Many of these are on a month-to-month basis and are not recorded under GASB Statement No. 87, however, there are four leases that are which have lease terms ranging from 1 to 52 years with variable lease payments. Accordingly, the District has a lease receivable of \$13.5 million and deferred inflows of resources related to the lease of \$13.1 million. The District recognized \$0.7 million of lease income and \$0.3 million of interest income related to these leases for the year ended June 30, 2025. These four leases have annual receipts ranging from \$16,000 to \$470,000 and lease terms that range from December 31, 2023 to December 31, 2072.

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

The District has entered into numerous subscription based information technology arrangements. The District has evaluated and reported these agreements under GASB Statement No. 94, *Subscription Based Information Technology Arrangements*. Future payments under noncancelable SBITA contracts at June 30, 2025 are as follows (dollar amounts in thousands):

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 2,366	\$ 169	\$ 2,535
2027	1,910	55	1,965
2028	<u>218</u>	<u>23</u>	<u>241</u>
Total	<u>\$ 4,494</u>	<u>\$ 247</u>	<u>\$ 4,741</u>

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 11 – PENSION PLAN

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

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

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

Participants Covered by Benefit Terms: As of December 31, 2024, employee membership in the Plan was as follows:

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

Contributions: The District makes contributions, based upon the Plan's actuarial calculation each fiscal year. As of January 1, 2013 (January 1, 2016 for public transit districts), California law required all new participants in a public retirement system to make employee contributions that covered at least 50% of the normal cost of the retirement benefits accrued each year. This contribution obligation did not apply to unrepresented District employees hired prior to January 1, 2016. The application of that obligation to employees who are in bargaining units represented by employee organizations and who were hired after that date remains under consideration. For the year ended June 30, 2025, the District's average contribution rate was 33.53% of annual covered payroll and the District's contributions to the Plan were \$69.6 million.

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 11 – PENSION PLAN (Continued)

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

Valuation date	January 1, 2024
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll (4 years remaining as of 1/1/2024) with separate periods of Extraordinary Actuarial Gains or Losses (15 years as of 1/1/2024) and 20-year closed periods for all UAL changes after 1/1/17 due to actuarial gains and losses or changes in assumptions and methods
Asset valuation method	5-year smoothed market, 80%/120% corridor around market
Actuarial assumptions:	
Investment rate of return	6.75%, net of investment expense
Amortization growth rate	3.00%
Price inflation	2.75%
Salary increases	3.00% plus merit component based on employee classification and years of service
Health Mortality	RP-2014 Adjusted to 2006 Blue Collar Annuitant Mortality Table (110% adjustment factor for male ATU/IBEW members and 130% for ATU/IBEW females, 110% adjustment factor for male AFSCME/Non-Union members), projected with generational improvements using MP-2021

Measurements as of the reporting date are based on the fair value of assets as of December 31, 2024, and the total pension liability as of the valuation date, January 1, 2024, rolled forward to December 31, 2024. There were no significant events between the valuation date and the measurement date. The actuarial assumptions used in the January 1, 2024 valuation were based on the results of an actuarial experience study for the period January 1, 2019 - December 31, 2022.

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

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

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 11 – PENSION PLAN (Continued)

Best estimates of the arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2024 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Large Cap Domestic Equity	%	%
Domestic Small Cap Equity	%	%
International Equity	%	%
International Small Cap Equity	%	%
Emerging Market Equity	%	%
Fixed Income (Core)	%	%
Fixed Income (Credit)	%	%
Emerging Market Debt	%	%
Real Estate	%	%
Private Debt	%	%
Cash	%	0.0%
	<hr/>	100%

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

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

Discount Rate: The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the District will contribute to the Plan based on an actuarially determined contribution, reflecting a payment equal to annual Normal Cost, the expected Administrative Expenses, and an amount necessary to amortize the remaining Unfunded Actuarial Liability (UAL) as a level percentage of payroll. The remaining portion of the extraordinary investment loss from 2008 is being amortized over a closed period, with 15 years remaining as of January 1, 2024. The remainder of the UAL is being amortized over a closed period, with 4 years remaining as of January 1, 2024. 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, 2024 are as follows (in thousands):

Total pension liability	\$ 1,238,758
Less: Plan fiduciary net position	<hr/> (964,220)
District's net pension liability	\$ 274,538
Funded ratio (Plan's fiduciary net position / total pension liability)	77.8%

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 11 – PENSION PLAN (Continued)

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

	Total Pension Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Increase (Decrease)	Net Pension Liability <u>(a) - (b)</u>
Balance at January 1, 2024	\$ 1,198,220	\$ 884,417	\$ 313,803	
Changes for the year:				
Service cost	31,791	-	31,791	
Interest	79,579	-	79,579	
Difference between expected and actual experience	511	-	511	
Changes of assumptions	-	-	-	
Contributions – employer	-	69,554	(69,554)	
Contributions – member	-	2,999	(2,999)	
Net investment income	-	80,077	(80,077)	
Benefit payments	(71,343)	(71,343)	-	
Administrative expense	-	(1,484)	1,484	
Net changes	<u>40,538</u>	<u>79,803</u>	<u>(39,265)</u>	
Balance at December 31, 2024	<u>\$ 1,238,758</u>	<u>\$ 964,220</u>	<u>\$ 274,538</u>	

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, 2025, calculating using the discount rate of 6.75%, as well as what the District's net pension liability would be if it were calculated using a discount rate of 1-percent-point lower (5.75%) or one-percentage-point higher (7.75%) than the current rate.

	(5.75%)	(6.75%)	(7.75%)
	1%	Current Discount	1%
	<u>Decrease</u>	<u>Discount</u>	<u>Increase</u>
Net pension liability	\$ 406,820	\$ 274,538	\$ 161,722

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.

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 11 – PENSION PLAN (Continued)

For the year ended June 30, 2025, the District recognized pension expense of \$72.1 million. At June 30, 2025, the District reported deferred outflows of resources related to pensions from the following sources (in thousands):

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>
Employer contributions subsequent to measurement date	\$ 30,704	\$ -
Differences between expected and actual experience	5,772	-
Changes in assumptions	5,287	2,462
Net difference between projected and actual earnings on pension plan investments	<u>18,823</u>	-
Total	<u>\$ 60,586</u>	<u>\$ 2,462</u>

Deferred outflows of resources related to contributions subsequent to the measurement date of \$30.7 million will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows (in thousands):

	<u>Deferred Outflows/ (Inflows) of Resources</u>
June 30, 2026	\$ 25,033
June 30, 2027	23,114
June 30, 2028	(15,856)
June 30, 2029	<u>(4,871)</u>
	<u>\$ 27,420</u>

Payable to the Pension Plan: As disclosed in Note 5, the District reported a payable of \$11.7 million for the outstanding amount of contributions to the Plan for the year ended June 30, 2025.

NOTE 12 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

ATU Local 192 Benefit Trust

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

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

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

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

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

Participants Covered by Benefit Terms: As of July 1, 2024, employee membership in the Trust was as follows:

Inactive plan members or beneficiaries currently receiving benefits	1,166
Active plan members	<u>2,120</u>
	<u>3,286</u>

Contributions: The District is required to make contributions to the Trust based on the number of hours worked by active union employees. The establishment and modification of the memorandums of understanding between the District and the respective bargaining units creates the authority under which the District is obligated to make its contributions. For fiscal year 2025, 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	\$1.10 per hour per employee
IBEW	\$1.04 per hour per employee

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

Valuation date	July 1, 2024
Measurement date	June 30, 2024
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% (before inflation of 2.50%)
Administrative expenses	3.00% of benefits
Salary increases	3.50%
Health Mortality	ATU/IBEW Retirees and beneficiaries: RP-2014 Headcount Weighted Blue Collar annuitant base table, adjusted to 2006, with 110% adjustment factor to base rates for males and 130% for females. AFSCME: RP-2014 Headcount-Weighted Blue Collar annuitant base table, adjusted to 2006, with 110% adjustment factor to base rates for males and no adjustment for females Active members: RP-2014 Non-Annuitant Blue Collar Table Adjusted to 2006

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

Measurements as of the reporting date are based on the fair value of assets as of June 30, 2024 and the total OPEB liability as of the valuation date, July 1, 2024.

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study performed as of December 31, 2022.

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, 2024 are summarized in the following table:

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

Changes in Assumptions and Benefit Terms Since Prior Measurement Date – The discount rate was decreased from 4.13% to 3.93% and the mortality and retirement assumptions have been updated based on the most recent experience study.

Discount Rate: The discount rate used to measure the total OPEB liability was 3.93%. 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, 2024 municipal bond rate, which was derived from the Bond Buyer 20 Index.

Net OPEB Liability: The components of the net OPEB liability of the District at the measurement date of June 30, 2024 are as follows (in thousands):

Total OPEB liability	\$ 83,967
Less: Trust fiduciary net position	<u>(3,499)</u>
District's net OPEB liability	<u>\$ 80,468</u>

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

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

	Total OPEB Liability <u>(a)</u>	Increase (Decrease) Trust Fiduciary Net Position <u>(b)</u>	Net OPEB Liability <u>(a) - (b)</u>
Balance at July 1, 2023	\$ 84,217	\$ 3,452	\$ 80,765
Changes for the year:			
Service cost	2,845	-	2,845
Interest	3,507	-	3,507
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(2,892)	-	(2,892)
Changes of assumptions	642	-	642
Contributions – employer	-	4,340	(4,340)
Net investment income	-	176	(176)
Benefit payments	(4,352)	(4,352)	-
Administrative expense	-	(117)	117
Net changes	<u>(250)</u>	<u>47</u>	<u>(297)</u>
Balance at June 30, 2024	<u>\$ 83,967</u>	<u>\$ 3,499</u>	<u>\$ 80,468</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following table presents the net OPEB liability (in thousands) as of June 30, 2025, calculating using the discount rate of 3.93%, 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 (2.93%) or 1-percentage-point higher (4.93%) than the current rate.

	(2.93%) 1% <u>Decrease</u>	(3.93%) Current <u>Discount</u>	(4.93%) 1% <u>Increase</u>
Net OPEB liability	\$ 89,051	\$ 80,468	\$ 73,107

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.

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

OPEB Plan Fiduciary Net Position: For the year ended June 30, 2025, the District recognized OPEB revenue of \$7.1 million. At June 30, 2025, the District reported deferred outflows of resources related to OPEB from the following sources (in thousands):

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>
Employer contributions subsequent to measurement date	\$ 4,643	\$ -
Differences between expected and actual experience	-	9,544
Changes in assumptions	2,341	13,658
Net difference between projected and actual earnings on OPEB plan investments	- - 363	363
Total	\$ 6,984	\$ 23,565

Deferred outflows of resources related to contributions subsequent to the measurement date of \$4.6 million will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows (in thousands):

	<u>Deferred Outflows/ Inflows of Resources</u>
June 30, 2026	\$ (4,725)
June 30, 2027	(4,329)
June 30, 2028	(3,832)
June 30, 2029	(3,288)
June 30, 2030	(2,878)
Thereafter	<u>(2,172)</u>
	\$ (21,224)

As of June 30, 2025, the Trust Plan has the following assets, liabilities, and net position (in thousands):

ASSETS

Cash and cash equivalents	\$ 3,667
Total assets	<u>3,667</u>

LIABILITIES

Accounts payable and accrued expenses	-
Total liabilities	<u>-</u>

NET POSITION

Restricted for:	
Other postemployment benefits (OPEB)	3,667
Total net position	<u>\$ 3,667</u>

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

Activity for the Trust Plan for the year ending June 30, 2025 is as follows (in thousands):

ADDITIONS

Employer contributions	\$ 4,643
Employee contributions	-
Investment income:	
Dividends and interest income	90
Net appreciation in fair value of investments	-
Investment expenses	-
Net investment income	<u>90</u>
 Total additions	 <u>4,733</u>

DEDUCTIONS

Benefit payments	4,536
Administrative expenses	1
Total deductions	<u>4,537</u>
 Net increase in net position	 196
 Net position, beginning of year	 <u>3,471</u>
 Net position, end of year	 <u>\$ 3,667</u>

Retiree Benefits Non-Trust Plan

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

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

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

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

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

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

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

Vision Benefits – The District subsidizes the full cost (currently \$15.20 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 \$1,403 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 \$321 per month) for the retiree. The District also gives the retiree and the spouse \$40.00 each if they are enrolled in Medicare Parts A and B. The spouse is also eligible for lowest offered premium, but the spouse must contribute \$100.00 per month. Subsidized spouse medical benefit coverage continues after the death of the retiree if the spouse continues to make the requisite \$100 per month contribution. The spouse of an employee who dies in active service is not eligible for subsidized coverage.

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

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

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

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

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

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

Participants Covered by Benefit Terms: As of June 30, 2023, employee membership in the OPEB Plan was as follows:

Inactive plan members or beneficiaries currently receiving benefits	1,539
Active plan members	<u>2,223</u>
	<u>3,762</u>

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, 2025, the District's contributions to the OPEB Plan via CERBT or via benefit payments were \$5.6 million. As of June 30, 2025, 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	July 1, 2024
Measurement date	June 30, 2024
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	6.40%
Health care trend rate	Pre-65: 8.5% for FY2025, decreasing 0.25% per year to an ultimate rate of 4.50% for FY2034 and later Post-65: 7.5% for FY2025, decreasing 0.25% per year to an ultimate rate of 4.50% for FY2034 and later
Salary increases	12.00% for 0-3 years of service and 3.50% for all other ATU/IBEW 3.50% - 5.75% for AFSCME/Unrepresented
Health Mortality	RP-2014 headcount weighted Blue Collar Mortality Table (backed off to 2006 using MP-2014) with application of the MP-2019 improvement scale on a fully generational basis for Union employees and retirees.
	RP-2014 headcount weighted White Collar Mortality Table (backed off to 2006 using MP-2014) with application of the MP-2019 improvement scale on a fully generational basis used for non-represented employees and retirees.

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

Measurements as of the reporting date are based on the fair value of assets as of June 30, 2024 and the total OPEB liability as of the valuation date, July 1, 2024.

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study performed in 2022.

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, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Global equity	49%	5.90%
Fixed income	23%	2.30%
Real Estate Investment Trusts	20%	5.10%
Treasury Inflation-Protected Securities	5%	2.50%
Commodities	3%	3.80%

Changes in Assumptions and Benefit Terms Since Prior Measurement Date – The discount rate increased from 6.00% to 6.40%, the mortality and retirement rate assumptions have been updated based on the most recent experience study, and trend assumptions have been updated based on the National Health Care Trend Survey, industry-wide expectations, tempered with actuarial judgment.

Discount Rate: The discount rate used to measure the total OPEB liability was 6.40%. The projection of cash flows used to determine the discount rate assumed that the District continues to pay for benefits from its own assets and contribute at least \$2.2 million to the Trust annually (average amount contributed over the past 5 years). Based on that, the Trust is expected to be able to pay for all future benefit payments. As such, the expected long-term rate of return of the Trust is used for the discount rate.

Net OPEB Liability: The components of the net OPEB liability of the District at the measurement date of June 30, 2024 are as follows (in thousands):

Total OPEB liability	\$ 59,408
Less: OPEB Plan fiduciary net position	<u>(15,411)</u>
District's net OPEB liability	\$ <u>43,997</u>
Funded ratio (OPEB Plan's fiduciary net position / total OPEB liability)	25.94%

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

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

	Total OPEB Liability (a)	Fiduciary Net Position (b)	Increase (Decrease) Net OPEB Liability (a) - (b)
Balance at July 1, 2023	\$ 59,471	\$ 15,089	\$ 44,382
Changes for the year:			
Service cost	1,754	-	1,754
Interest	3,562	-	3,562
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(1,439)	-	(1,439)
Changes of assumptions	(158)	-	(158)
Contributions – employer	-	2,782	(2,782)
Net investment income	-	1,332	(1,332)
Administrative expenses	-	(10)	10
Benefit payments	<u>(3,782)</u>	<u>(3,782)</u>	<u>-</u>
Net changes	<u>(63)</u>	<u>422</u>	<u>(487)</u>
Balance at June 30, 2024	<u>\$ 59,408</u>	<u>\$ 15,411</u>	<u>\$ 43,997</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following table presents the net OPEB liability (in thousands) as of June 30, 2025, calculating using the discount rate of 6.40%, as well as what the District's net OPEB liability would be if it were calculated using a discount rate of one-percent-point lower (1%) or one-percentage-point higher (1%) than the current rate.

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 50,685	\$ 43,997	\$ 38,343

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, 2025, calculating using the current health care trend rate, 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 or one-percentage-point higher than the current rate.

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 41,015	\$ 43,997	\$ 47,577

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

OPEB plan fiduciary net position: For the year ended June 30, 2025, the District recognized OPEB expense of \$0.4 million. At June 30, 2025, the District reported deferred outflows of resources related to OPEB from the following sources (in thousands):

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>
Employer contributions subsequent to measurement date	\$ 5,627	\$ -
Differences between expected and actual experience	5,280	5,734
Changes in assumptions	397	23,509
Net difference between projected and actual investment earnings	<u>-</u>	<u>76</u>
 Total	 <u>\$ 11,304</u>	 <u>\$ 29,319</u>

Deferred outflows of resources related to contributions subsequent to the measurement date of \$5.6 million will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows (in thousands):

	<u>Deferred Outflows/ Inflows of Resources</u>
June 30, 2026	\$ (5,127)
June 30, 2027	(4,123)
June 30, 2028	(4,483)
June 30, 2029	(4,573)
June 30, 2030	(3,741)
Thereafter	<u>(1,595)</u>
 Total	 <u>\$ (23,642)</u>

NOTE 13 – COMMITMENTS

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

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

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

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 13 – COMMITMENTS (Continued)

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

In fiscal year 2025, the District did not receive any additional funding, and \$<> 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, 2025 (in thousands):

Total Allocations as of June 30, 2025	Less Allocations Passed-through to TJPA as of June 30, 2025	Total Allocations Received in FY 2025	Cumulative Expenses Incurred through June 30, 2025	Interest Income	Commitment at June 30, 2025
\$ 112,515	\$ (21,165)	\$ -	\$ 92,158	\$ 939	\$ 131

NOTE 14 – CONTINGENCIES

Claims and Potential Litigation: There are claims and litigation pending, which are considered normal to the District's operation of the transit system. The District maintains insurance coverage for such incidents, as summarized in Note 15, 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, 2025.

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

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 14 – CONTINGENCIES (Continued)

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

	<u>Payments</u>
2026	\$ 2,000
2027	2,000
2028	2,000
2029	2,000
2030	2,000
Thereafter	9,300

NOTE 15 – RISK MANAGEMENT

As of June 30, 2025, the District has the following coverages:

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

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

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

	<u>Workers' Compensation Liability</u>	<u>Public Liability</u>	<u>Dental Liability</u>	<u>Total</u>
Balance at June 30, 2023	\$ 72,086	\$ 9,776	\$ 1,657	\$ 83,519
Claims and changes in estimates	29,256	8,693	1,282	39,231
Claim payments	<u>(22,463)</u>	<u>(3,695)</u>	<u>(1,000)</u>	<u>(27,158)</u>
Balance at June 30, 2024	78,879	14,774	1,939	95,592
Claims and changes in estimates	<>	<>	<>	<>
Claim payments	<u><></u>	<u><></u>	<u><></u>	<u><></u>
Balance at June 30, 2025	<u>\$ 79,558</u>	<u>\$ 26,836</u>	<u>\$ 1,615</u>	<u>\$ 108,009</u>

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

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 15 – RISK MANAGEMENT (Continued)

The classification of the current and long-term portion of the self-insurance liabilities for the year ended June 30, 2025 are summarized as follows (in thousands):

	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
Workers' compensation liability	\$ 17,991	\$ 61,567	\$ 79,558
Public liability	11,312	15,524	26,836
Dental liability	<u>1,615</u>	<u>-</u>	<u>1,615</u>
	<u>\$ 30,918</u>	<u>\$ 77,091</u>	<u>\$ 108,009</u>

NOTE 16 – JOINT POWERS AUTHORITY (JPA) AND CONSORTIUM

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

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

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 2025, the District recognized \$34.7 million of revenue and subsidy and incurred \$46.7 million of expenses related to the JPA and the Consortium. Neither the JPA nor the Consortium issue separate financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
PENSION PLAN – SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS – LAST 10 FISCAL YEARS
Year ended June 30, 2025
(In thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability:						
Service cost	\$ 31,791	\$ 30,156	\$ 29,192	\$ 28,772	\$ 26,939	\$ 25,699
Interest	79,579	76,813	74,373	71,917	69,951	67,116
Differences between expected and actual experience	511	3,500	4,937	1,711	5,654	8,617
Changes of assumptions	-	(4,102)	-	26,435	-	(5,244)
Benefit payments, including refunds of member contributions	<u>(71,343)</u>	<u>(69,628)</u>	<u>(67,851)</u>	<u>(64,655)</u>	<u>(62,834)</u>	<u>(60,321)</u>
Net changes in total pension liability	40,538	36,739	40,651	64,180	39,710	35,867
Total pension liability, beginning	<u>1,198,220</u>	<u>1,161,481</u>	<u>1,120,830</u>	<u>1,056,650</u>	<u>1,016,940</u>	<u>98,073</u>
Total pension liability, ending	<u><u>\$ 1,238,758</u></u>	<u><u>\$ 1,198,220</u></u>	<u><u>\$ 1,161,481</u></u>	<u><u>\$ 1,120,830</u></u>	<u><u>\$ 1,056,650</u></u>	<u><u>\$ 1,016,940</u></u>
Plan fiduciary net position:						
Contributions – employer	\$ 69,554	\$ 69,039	\$ 61,716	\$ 59,830	\$ 60,989	\$ 56,863
Contributions – member	2,999	1,963	1,503	232	158	92
Net investment income (loss)	80,077	107,978	(128,574)	79,616	94,790	110,146
Benefit payments, including refunds of member contributions	<u>(71,343)</u>	<u>(69,628)</u>	<u>(67,851)</u>	<u>(64,655)</u>	<u>(62,834)</u>	<u>(60,321)</u>
Administrative expense	<u>(1,484)</u>	<u>(1,720)</u>	<u>(1,360)</u>	<u>(1,539)</u>	<u>(2,089)</u>	<u>(1,462)</u>
Net change in plan fiduciary net position	79,803	107,632	(134,566)	73,484	91,014	105,318
Plan fiduciary net position, beginning	<u>884,417</u>	<u>776,785</u>	<u>911,351</u>	<u>837,867</u>	<u>746,853</u>	<u>641,535</u>
Plan fiduciary net position, ending	<u><u>\$ 964,220</u></u>	<u><u>\$ 884,417</u></u>	<u><u>\$ 776,785</u></u>	<u><u>\$ 911,351</u></u>	<u><u>\$ 837,867</u></u>	<u><u>\$ 746,853</u></u>
Net pension liability, ending	<u><u>\$ 274,538</u></u>	<u><u>\$ 313,803</u></u>	<u><u>\$ 384,696</u></u>	<u><u>\$ 209,479</u></u>	<u><u>\$ 218,783</u></u>	<u><u>\$ 270,087</u></u>
Plan fiduciary net position as a percentage of the total pension liability	77.84%	73.81%	66.88%	81.31%	79.29%	73.44%
Covered payroll	\$ 207,421	\$ 197,847	\$ 184,703	\$ 177,724	\$ 193,938	\$ 183,248
Net pension liability as a percentage of covered payroll	132.36%	158.61%	208.27%	117.86%	112.81%	147.39%

Notes to Schedule:

Benefit changes	There were no changes in benefits in any year.
Changes in assumptions	There were no changes in FY2023 or FY2024. In FY2022, the discount rate was reduced from 7.00% to 6.75%. No changes in FY2021. In FY2020, the discount rate was reduced from 7.125% to 7.00%. In FY2019, the discount rate was reduced from 7.25% to 7.125%. Additionally, there were minor changes in the mortality tables. There were no changes in assumptions in FY2018 or FY2017. In FY2016, there were changes in the demographic assumptions, which among other things included the adoption of generational mortality assumptions. Additionally, there were minor changes in the mortality tables.

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

(Continued)

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
PENSION PLAN – SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS – LAST 10 FISCAL YEARS
Year ended June 30, 2025
(In thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total pension liability:				
Service cost	\$ 22,789	\$ 21,186	\$ 18,740	\$ 16,614
Interest	66,063	64,249	62,964	57,571)
Differences between expected and actual experience	5,058	369	(11,563)	(2,243)
Changes of assumptions	10,041	-	-	52,583
Benefit payments, including refunds of member contributions	(56,697)	(54,631)	(52,560)	(49,875)
Net changes in total pension liability	<u>47,254</u>	<u>31,173</u>	<u>17,581</u>	<u>74,649</u>
 Total pension liability, beginning	 933,819	 <u>902,646</u>	 <u>885,065</u>	 <u>810,416</u>
 Total pension liability, ending	 <u>\$ 981,073</u>	 <u>\$ 933,819</u>	 <u>\$ 902,646</u>	 <u>\$ 885,065</u>
 Plan fiduciary net position:				
Contributions – employer	\$ 54,723	\$ 52,369	\$ 48,479	\$ 42,274
Contributions – member	19	-	-	-
Net investment income (loss)	(34,344)	87,481	46,601	(1,458)
Benefit payments, including refunds of member contributions	(56,697)	(54,631)	(52,560)	(49,875)
Administrative expense	<u>(1,050)</u>	<u>(1,033)</u>	<u>(1,007)</u>	<u>(863)</u>
Net change in plan fiduciary net position	<u>(37,349)</u>	<u>84,186</u>	<u>41,513</u>	<u>(9,922)</u>
 Plan fiduciary net position, beginning	 <u>678,884</u>	 <u>594,698</u>	 <u>553,185</u>	 <u>563,107</u>
 Plan fiduciary net position, ending	 <u>\$ 641,535</u>	 <u>\$ 678,884</u>	 <u>\$ 594,698</u>	 <u>\$ 553,185</u>
 Net pension liability, ending	 <u>\$ 339,538</u>	 <u>\$ 254,935</u>	 <u>\$ 307,948</u>	 <u>\$ 331,880</u>
 Plan fiduciary net position as a percentage of the total pension liability	 65.40%	 72.70%	 65.88%	 62.50%
Covered payroll	\$ 176,763	\$ 167,786	\$ 150,234	\$ 133,012
Net pension liability as a percentage of covered payroll	192.09%	151.94%	204.98%	249.51%

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
PENSION PLAN – SCHEDULE OF EMPLOYER’S CONTRIBUTIONS – LAST 10 FISCAL YEARS
Year ended June 30, 2025
(In thousands)

<u>Year Ended June 30</u>	<u>Actuarially Determined Contributions</u>	<u>Contributions In Relation To the Actuarially Determined Contribution</u>	<u>Contributions Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2016	42,274	42,274	-	139,231	30.36%
2017	48,479	48,479	-	155,582	31.16%
2018	52,369	52,369	-	171,934	30.46%
2019	54,723	54,723	-	181,975	30.07%
2020	56,863	56,863	-	183,702	30.95%
2021	60,989	60,989	-	171,437	35.58%
2022	59,830	59,830	-	181,138	33.03%
2023	61,716	61,716	-	199,369	30.86%
2024	65,452	65,452	-	185,000	31.73%
2025	69,554	69,554	-	207,421	33.53%

Notes to Schedule:

Valuation date	January 1, 2024
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll (4 years remaining as of 1/1/2024) with separate periods of Extraordinary Actuarial Gains or Losses (15 years as of 1/1/2024) and 20 year closed periods for all UAL changes after 1/1/17 due to actuarial gains and losses or changes in assumptions and methods
Asset valuation method	5-year smoothed market, 80% / 120% corridor around market
Actuarial assumptions:	
Discount rate	6.75%
Amortization growth rate	3.00%
Price inflation	2.75%
Salary increases	3.00% plus merit component based on employee classification and years of service
Mortality	RP-2014 Adjusted to 2006 Blue Collar Annuitant Mortality Table (110% adjustment factor for male ATU/IBEW members and 130% for ATU/IBEW females, 110% adjustment factor for male AFSCME/Non-Union members), projected with generational improvements using MP-2018

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
OPEB PLAN (TRUST) – SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET OPEB LIABILITY AND RELATED RATIOS – LAST 10 FISCAL YEARS
Year ended June 30, 2025
(In thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:								
Service cost	\$ 2,845	\$ 4,067	\$ 4,217	\$ 3,806	\$ 3,639	\$ 3,762	\$ 3,821	\$ 3,475
Interest	3,507	3,471	2,212	2,749	2,828	2,910	3,206	4,713
Changes of benefit terms	-	1,561	-	-	-	-	-	-
Differences between expected and actual experience	(2,892)	(1,505)	(1,477)	(7,680)	(2,484)	(31)	(3,880)	(48,101)
Changes of assumptions	642	(1,887)	(17,029)	2,425	1,401	(5,396)	1,781	857
Benefit payments	(4,352)	(4,553)	(4,161)	(3,068)	(4,062)	(4,086)	(4,086)	(4,220)
Net changes in total OPEB liability	(250)	1,154	(16,238)	(1,768)	1,322	(2,841)	842	(43,276)
Total OPEB liability, beginning	<u>84,217</u>	<u>83,063</u>	<u>99,301</u>	<u>101,069</u>	<u>99,747</u>	<u>102,588</u>	<u>101,746</u>	<u>145,022</u>
Total OPEB liability, ending	<u>\$ 83,967</u>	<u>\$ 84,217</u>	<u>\$ 83,063</u>	<u>\$ 99,301</u>	<u>\$ 101,069</u>	<u>\$ 99,747</u>	<u>\$ 102,588</u>	<u>\$ 101,746</u>
Plan fiduciary net position:								
Contributions – employer	\$ 4,340	\$ 4,267	\$ 3,958	\$ 3,965	\$ 4,500	\$ 4,541	\$ 4,541	\$ 4,739
Net investment income (loss)	176	900	(291)	(256)	(1,103)	(89)	(89)	177
Benefit payments	(4,352)	(4,553)	(4,161)	(3,068)	(4,062)	(4,086)	(4,086)	(4,220)
Administrative expense	(117)	(150)	(143)	(125)	(126)	(135)	(135)	(142)
Net change in plan fiduciary net position	47	464	(637)	516	(791)	231	231	554
Plan fiduciary net position, beginning	<u>3,452</u>	<u>2,988</u>	<u>3,625</u>	<u>3,109</u>	<u>3,900</u>	<u>3,669</u>	<u>3,669</u>	<u>3,115</u>
Plan fiduciary net position, ending	<u>\$ 3,499</u>	<u>\$ 3,452</u>	<u>\$ 2,988</u>	<u>\$ 3,625</u>	<u>\$ 3,109</u>	<u>\$ 3,900</u>	<u>\$ 3,900</u>	<u>\$ 3,669</u>
Net OPEB liability, ending	<u>\$ 80,468</u>	<u>\$ 80,765</u>	<u>\$ 80,075</u>	<u>\$ 95,676</u>	<u>\$ 97,960</u>	<u>\$ 95,847</u>	<u>\$ 98,688</u>	<u>\$ 98,077</u>
Plan fiduciary net position as a percentage of the total OPEB liability	4.17%	4.10%	3.60%	3.65%	3.08%	3.91%	3.80%	3.61%
Covered payroll	\$ 167,730	\$ 156,210	\$ 153,500	\$ 205,700	\$ 213,700	\$ 213,800	\$ 214,000	\$ 215,200
Net OPEB liability as a percentage of covered payroll	47.98%	51.70%	52.15%	46.51%	45.84%	44.83%	46.12%	45.57%

Notes to Schedule:

Benefit changes

There were no changes in benefits in any years.

Changes in assumptions

In FY2025, the discount rate was decreased to 3.93%. In FY2024, the discount rate was increased to 4.13%. In FY2023, the discount rate was increased to 4.09%. In FY2022, the discount rate was decreased from 2.66% to 2.18%. In FY2021, the discount rate was decreased from 2.79% to 2.66% and the long-term investment rate of return was decreased from 1.0% to 0.5%. In FY2020, the health mortality assumptions were updated. In FY2019, the discount rate decreased from 2.98% to 2.79% and the mortality improvement scale was updated from MP-2017 on a fully generational basis to MP-2018 on a fully generational basis.

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

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

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
OPEB PLAN (TRUST) – SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
LAST 10 FISCAL YEARS
Year ended June 30, 2025
(In thousands)

Year Ended June 30	Contributions In Relation To the Actuarially Determined Contribution			Contributions Deficiency (Excess)	Covered Payroll*	Contributions as a Percentage of Covered Payroll
	Actuarially Determined Contributions					
2017	\$ 7,963	\$ 4,739		\$ 3,224	\$ 215,200	2.2%
2018	6,857	4,541		2,316	214,000	2.1%
2019	6,741	4,541		2,200	213,800	2.1%
2020	6,525	4,500		2,025	213,700	2.1%
2021	6,700	3,965		2,735	205,700	1.9%
2022	6,809	3,958		2,851	153,500	2.6%
2023	6,900	4,371		2,529	156,210	2.8%
2024	8,076	5,803		2,273	167,730	3.5%
2025	8,376	4,596		3,780	177,100	2.6%

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

Notes to Schedule:

Valuation date	July 1, 2024
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value
Actuarial assumptions:	
Discount rate	3.93%
Salary increases	3.50%
Mortality	RP-2014 headcount weighted Blue Collar Mortality Table (backed off to 2006 using MP-2014) with application of the MP-2019 improvement scale on a fully generational basis for Union employees and retirees.
	RP-2014 headcount weighted White Collar Mortality Table (backed off to 2006 using MP-2014) with application of the MP-2019 improvement scale on a fully generational basis used for non-represented employees and retirees.
Health care trend rate	The Trust Plan only provides for a fixed subsidy to retirees. Therefore, the total liability is not affected by changes in the health care trend rate.

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

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
OPEB PLAN (NON-TRUST) – SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET OPEB LIABILITY AND RELATED RATIOS – LAST 10 FISCAL YEARS
Year ended June 30, 2025
(In thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:								
Service cost	\$ 1,754	\$ 3,009	\$ 3,540	\$ 3,178	\$ 1,809	\$ 1,818	\$ 2,327	\$ 2,136
Interest	3,562	3,102	1,938	2,289	1,369	1,606	1,681	1,655
Changes of benefit terms	-	-	-	-	33,583	-	-	-
Differences between expected and actual experience	(1,439)	(5,366)	7,397	(272)	3,175	(3,438)	(1,286)	739
Changes of assumptions	(158)	(12,334)	(21,874)	978	(1,005)	(5,919)	1,256	223
Benefit payments	<u>(3,782)</u>	<u>(3,516)</u>	<u>(3,503)</u>	<u>(3,925)</u>	<u>(2,732)</u>	<u>(2,331)</u>	<u>(2,331)</u>	<u>(2,505)</u>
Net changes in total OPEB liability	(63)	15,105	(12,502)	2,249	36,199	(8,264)	1,647	2,249
Total OPEB liability, beginning	<u>59,471</u>	<u>74,576</u>	<u>87,078</u>	<u>84,829</u>	<u>48,630</u>	<u>56,894</u>	<u>54,247</u>	<u>51,998</u>
Total OPEB liability, ending	<u>\$ 59,408</u>	<u>\$ 59,471</u>	<u>\$ 74,576</u>	<u>\$ 87,078</u>	<u>\$ 84,829</u>	<u>\$ 48,630</u>	<u>\$ 56,894</u>	<u>\$ 54,247</u>
Plan fiduciary net position:								
Contributions – employer	\$ 2,782	\$ 6,516	\$ 3,503	\$ 9,925	\$ 2,732	\$ 3,831	\$ 3,831	\$ 3,505
Other	-	3,000	-	-	-	-	-	-
Net investment income (loss)	1,332	542	(1,318)	1,172	92	124	124	-
Benefit payments	(3,782)	(3,516)	(3,503)	(3,925)	(2,732)	(2,331)	(2,331)	(2,505)
Administrative expense	<u>(10)</u>	<u>(10)</u>	<u>(8)</u>	<u>(3)</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>-</u>
Net change in plan								
Fiduciary net position	422	6,532	(1,326)	7,169	91	1,623	1,623	1,000
Plan fiduciary net position, beginning	<u>15,089</u>	<u>8,557</u>	<u>9,883</u>	<u>2,714</u>	<u>2,623</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Plan fiduciary net position, ending	<u>\$ 15,411</u>	<u>\$ 15,089</u>	<u>\$ 8,557</u>	<u>\$ 9,883</u>	<u>\$ 2,714</u>	<u>\$ 2,623</u>	<u>\$ 2,623</u>	<u>\$ 1,000</u>
Net OPEB liability, ending	<u>\$ 43,997</u>	<u>\$ 44,382</u>	<u>\$ 66,019</u>	<u>\$ 77,195</u>	<u>\$ 82,115</u>	<u>\$ 46,007</u>	<u>\$ 54,271</u>	<u>\$ 53,247</u>
Plan fiduciary net position as a percentage of the total OPEB liability	25.94%	25.37%	11.47%	11.35%	3.20%	5.39%	4.61%	1.81%
Covered payroll	\$ 182,900	\$ 169,100	\$ 219,600	\$ 222,100	\$ 229,300	\$ 230,000	\$ 228,600	\$ 229,600
Net OPEB liability as a percentage of covered payroll	24.05%	26.25%	30.06%	34.76%	35.81%	20.00%	23.74%	23.19%

Notes to Schedule:

Benefit changes In FY2021, additional supplemental life insurance benefit and executive life insurance benefit was added.

Changes in assumptions In FY2025, the discount increased to 6.4%. In FY2024, the discount increased to 6.0%. In FY2023, the discount rate increased to 4.09%. In FY2022, the discount rate was decreased from 2.66% to 2.18%. In FY2021, the discount rate decreased from 2.79% to 2.66%, the investment rate of return was decreased from 7.59% to 6.94%. In FY2020, the health mortality assumptions were updated. In FY2019, the discount rate decreased from 2.98% to 2.79% and the mortality improvement scale was updated from MP-2017 on a fully generational basis to MP-2018 on a fully generational basis.

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

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

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
OPEB PLAN (NON-TRUST) – SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
LAST 10 FISCAL YEARS
Year ended June 30, 2025
(In thousands)

Year Ended <u>June 30</u>	Contributions In Relation To the Actuarially Determined <u>Contribution</u>		Contributions Deficiency (Excess)	Covered Payroll*	Contributions as a Percentage of Covered Payroll
	Actuarially Determined Contributions				
2017	\$ 3,781	\$ 3,505	\$ 276	\$ 229,600	1.5%
2018	4,006	3,831	175	228,600	1.6%
2019	3,501	1,500	2,001	230,000	0.7%
2020	3,194	-	3,194	229,300	0.0%
2021	5,605	6,000	3,605	222,100	2.7%
2022	5,703	-	(5,703)	219,600	0.0%
2023	5,900	3,000	2,900	169,100	1.8%
2024	4,661	2,000	2,661	182,900	1.1%
2025	5,015	5,627	612	194,600	2.9%

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

Notes to Schedule:

Valuation date	July 1, 2024
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value

Actuarial assumptions:

Discount rate	6.40%
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: 8.5% for FY2025, decreasing 0.25% per year to an ultimate rate of 4.50% for FY2034 and later Post-65: 7.5% for FY2025, decreasing 0.25% per year to an ultimate rate of 4.50% for FY2034 and later
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This is a 10-year schedule. The information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

SUPPLEMENTARY INFORMATION

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
ENTERPRISE FUND – COMPARATIVE SCHEDULES OF NET POSITION
June 30, 2025 and 2024
(In thousands)**

	<u>2025</u>	<u>2024</u>
ASSETS		
Current assets		
Cash and cash equivalents (Note 3)	\$ 95,883	\$ 95,966
Investments (Note 3)	119,799	99,860
Receivables:		
Federal and local grants:		
Capital	12,613	17,811
Planning, operating and other (Note 7)	37,814	39,022
Property tax	4,110	3,355
Local sales tax	15,122	18,214
Lease receivable	534	372
Other trade receivables	9,320	6,771
Total receivables, net	<u>79,513</u>	<u>85,545</u>
Due from Pension Trust Fund (Note 5)	6,677	7,723
Inventory	15,590	16,760
Prepaid expenses	14,981	14,775
Total current assets	<u>332,443</u>	<u>320,629</u>
Noncurrent assets		
Restricted cash and cash equivalents:		
Restricted for capital purchases (Note 3)	120,908	107,758
Restricted for certificates of participation - debt service (Note 3)	1,184	1,137
Lease receivable	13,471	13,138
Capital assets (Note 4)		
Nondepreciable	79,807	79,430
Depreciable, net	328,941	332,187
Right-to-use lease assets, net	6,064	6,295
Subscription assets, net	4,910	5,435
Total capital assets, net	<u>419,722</u>	<u>423,347</u>
Total noncurrent assets	<u>555,285</u>	<u>545,380</u>
Total assets	<u>887,728</u>	<u>866,009</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related (Note 11)	60,586	102,928
OPEB related (Note 12)	18,288	24,088
Deferred loss on refunding debt (Note 8)	362	402
Total deferred outflows of resources	<u>79,236</u>	<u>127,418</u>
Total assets and deferred outflows of resources	<u>\$ 966,964</u>	<u>\$ 993,427</u>

(Continued)

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
ENTERPRISE FUND – COMPARATIVE SCHEDULES OF NET POSITION
June 30, 2025 and 2024
(In thousands)**

	<u>2025</u>	<u>2024</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	\$ 22,971	\$ 18,333
Accrued salaries and wages	1,353	1,250
Current portion of accrued vacation and sick leave	17,895	23,401
Due to Pension Trust Fund (Note 5)	11,735	2,519
Unearned revenue	18,616	22,881
Other accrued liabilities	13,711	12,702
Accrued interest payable	178	189
Current portion of lease liability (Note 9)	227	187
Current portion of subscription liability (Note 10)	2,366	2,324
Current portion of claims liabilities (Note 15)	30,918	15,675
Current portion of remediation obligations (Note 14)	67	67
Current portion of certificates of participation (Note 8)	840	820
Total current liabilities	<u>120,877</u>	<u>100,348</u>
Noncurrent liabilities		
Accrued vacation and sick leave	8,639	10,090
Lease liability (Note 9)	6,183	6,283
Subscription liability (Note 10)	2,128	2,693
Claims liabilities (Note 15)	77,091	79,917
Remediation obligations (Note 14)	952	952
Certificates of participation (Note 8)	8,760	9,600
Net pension liability (Note 11)	274,538	313,803
Net OPEB liability (Note 12)	124,465	125,147
Total noncurrent liabilities	<u>502,756</u>	<u>548,485</u>
Total liabilities	<u>623,633</u>	<u>648,833</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related (Note 11)	2,462	3,282
OPEB related (Note 12)	52,884	66,688
Lease related	13,051	12,934
Total deferred inflows of resources	<u>68,397</u>	<u>82,904</u>
Total liabilities and deferred inflows of resources	<u>692,030</u>	<u>731,737</u>
NET POSITION		
Net investment in capital assets	399,219	406,457
Restricted for capital purchases	120,908	107,758
Restricted for debt service	1,005	981
Unrestricted	<u>(246,198)</u>	<u>(253,506)</u>
Total net position	<u>\$ 274,934</u>	<u>\$ 261,690</u>

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
ENTERPRISE FUND – COMPARATIVE SCHEDULES OF REVENUES,
EXPENSES, AND CHANGES IN NET POSITION
Years ended June 30, 2025 and 2024
(In thousands)

	<u>2025</u>	<u>2024</u>
Operating Revenues		
Passenger fares	\$ 32,773	\$ 32,358
Contract services	11,667	12,100
Operating revenues of JPA and consortium (Note 16)	1,985	1,974
Other	3,150	4,014
Total operating revenues	<u>49,575</u>	<u>50,446</u>
Operating expenses		
Operator wages	96,032	90,165
Other wages	89,475	85,197
Fringe benefits	217,393	167,660
Depreciation and amortization (Note 4)	59,526	60,213
Fuel and oil	15,129	17,656
Other material and supplies	19,860	19,006
Services	48,419	44,124
Insurance	32,368	23,995
Expenses of JPA and consortium (Note 16)	46,669	41,962
Other	16,585	17,908
Total operating expenses	<u>641,456</u>	<u>567,886</u>
Operating loss	<u>(591,881)</u>	<u>(517,440)</u>
Non-operating revenues (expenses)		
Operating assistance:		
Property taxes	193,542	189,284
Local sales tax (Note 7)	129,593	129,080
Local funds (Note 7)	106,655	107,447
State (Note 7)	43,509	48,350
Federal (Note 7)	45,677	31,524
Non-operating revenues of JPA and consortium	32,679	41,009
Interest income	11,759	12,176
Interest expense	(790)	(818)
Net non-operating revenues (expenses)	<u>562,624</u>	<u>558,052</u>
Gain (loss) before capital contributions	<u>(29,257)</u>	<u>40,612</u>
Capital contributions (Note 6)	<u>42,501</u>	<u>20,806</u>
Change in net position	<u>13,244</u>	<u>61,418</u>
Net position at beginning of year	<u>261,690</u>	<u>200,272</u>
Net position at end of year	<u>\$ 274,934</u>	<u>\$ 261,690</u>

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
ENTERPRISE FUND – COMPARATIVE SCHEDULES OF CASH FLOWS
Years ended June 30, 2025 and 2024
(In thousands)**

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Cash received from customers	\$ 37,626	\$ 51,627
Cash payments to suppliers for goods and services	(160,370)	(146,444)
Cash payments to employees for services and benefit payments	(405,921)	(391,181)
Other operating receipts	5,135	5,988
Net cash from operating activities	<u>(523,530)</u>	<u>(480,010)</u>
Cash flows from noncapital financing activities		
Operating assistance received	555,200	521,104
Net cash from noncapital financial activities	<u>555,200</u>	<u>521,104</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(56,496)	(45,686)
Capital contributions received	47,699	27,375
Principal paid on certificates of participation	(820)	(800)
Interest paid on certificates of participation	(761)	(754)
Net cash from capital and related financial activities	<u>(10,376)</u>	<u>(19,865)</u>
Cash flows from investing activities		
Proceeds from investments	270,488	304,694
Purchase of investments	(290,427)	(310,711)
Investment income	11,759	12,176
Net cash from investing activities	<u>(8,180)</u>	<u>6,159</u>
Change in cash and cash equivalents	13,114	27,388
Cash and cash equivalents, beginning of year	<u>204,861</u>	<u>177,779</u>
Cash and cash equivalents, end of year	<u>\$ 217,975</u>	<u>\$ 205,167</u>
Summary of cash and cash equivalents reported on the Statement of Net Position:		
Unrestricted cash and cash equivalents	\$ 95,883	\$ 95,966
Restricted cash and cash equivalents - capital purchases	120,908	107,758
Restricted for - certificates of participation - debt service	1,184	1,137
Total cash and cash equivalents reported on the Statement of Net Position	<u>\$ 217,975</u>	<u>\$ 204,861</u>

(Continued)

**ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
ENTERPRISE FUND – COMPARATIVE SCHEDULES OF CASH FLOWS
Years ended June 30, 2025 and 2024
(In thousands)**

	<u>2025</u>	<u>2024</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (591,881)	\$ (517,440)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation/amortization	59,526	60,213
Effect of changes in assets and liabilities:		
Other trade receivables	(2,549)	1,024
Inventory	1,170	1,809
Due to/from Pension Trust Fund	10,262	(1,623)
Prepaid expenses	(206)	742
Accounts payable and accrued expenses	4,475	1,718
Accrued salaries and wages	103	526
Accrued vacation and sick leave	(6,957)	352
Unearned revenue	(4,265)	6,145
Other accrued liabilities	1,009	2,285
Claims liabilities	12,417	12,073
Lease assets and liabilities	(207)	(137)
Subscription assets and liabilities	2	(283)
Net pension liability and deferred outflows/inflows from pension	2,257	(11,311)
Net OPEB liability and deferred outflows/inflows from OPEB	<u>(8,686)</u>	<u>(36,103)</u>
Net cash from operating activities	<u>\$ (523,530)</u>	<u>\$ (480,010)</u>
Supplemental disclosure of cash flow information		
Non-cash investing, capital, and financing transactions:		
Net appreciation/(depreciation) in fair value of investments	\$ 807	\$ 327
Construction in progress in accounts payable and accrued expenses	1,295	1,132
(Gain) loss on sale of capital assets	(2)	147

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
BUDGETARY BASIS – ENTERPRISE FUND – TRANSIT ONLY
COMPARATIVE SCHEDULES OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
Years ended June 30, 2025 and 2024
(In thousands)

	<u>2025</u>	<u>2024</u>
Revenues:		
Passenger fares	\$ 34,758	\$ 34,332
Contract services	9,400	10,253
BART transfers	2,267	1,847
Advertising	1,423	1,399
Interest income	11,759	12,176
Real estate	2,028	1,850
Other	(302)	766
Total revenues	61,333	62,623
Subsidies:		
Property taxes	163,488	159,302
Property taxes - Measure VV	30,054	29,982
Local sales tax - Measure BB	86,145	84,755
Local sales tax - Measure J	7,384	7,681
Local operating assistance	24,315	18,260
State - AB1107	53,096	53,411
State - AB2972 Home to School	500	500
State - TDA	90,574	97,933
State - STA	50,423	56,515
Federal operating assistance	45,677	38,355
Total subsidies	551,656	546,694
Total revenues and subsidies	612,989	609,317
Expenses:		
Operator wages	96,032	90,165
Other wages	89,475	85,197
Fringe benefits	138,143	117,794
Pension expense	79,250	49,866
Services	48,419	44,124
Fuel and oil	15,129	17,656
Bus parts	12,689	11,497
Other materials	7,171	7,509
Utilities and taxes	9,270	8,570
Insurance	32,368	23,995
Other expenses	7,315	9,339
Purchased transportation	46,669	41,962
Interest expense	790	818
Total operating expenses	582,720	508,492
Excess of revenues over expenses	30,269	100,825
Depreciation/amortization expense	(59,526)	(60,213)
Capital contributions	42,501	20,806
Change in net position	\$ 13,244	\$ 61,418

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
BUDGETARY BASIS – ENTERPRISE FUND – TRANSIT ONLY
SCHEDULE OF REVENUES, SUBSIDIES AND EXPENSES, BUDGET VERSUS ACTUAL
Year ended June 30, 2025

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues:			
Passenger fares	\$ 34,758	\$ 36,740	\$ (1,982)
Contract services	9,400	8,533	867
BART transfers	2,267	3,038	(771)
Advertising	1,423	1,308	115
Interest income	11,759	3,100	8,659
Real estate	2,028	1,642	386
Other	(302)	423	(725)
Total revenues	61,333	54,784	6,549
Subsidies:			
Property taxes	163,488	160,160	3,328
Property taxes - Measure VV	30,054	30,054	-
Local sales tax - Measure BB	86,145	89,789	(3,644)
Local sales tax - Measure J	7,384	7,731	(347)
Local operating assistance	24,315	25,626	(1,311)
State - AB1107	53,096	52,000	1,096
State - AB2972 Home to School	500	500	-
State - TDA	90,574	90,574	-
State - STA	50,423	42,533	7,890
Federal operating assistance	45,677	52,058	(6,381)
Total subsidies	551,656	551,025	631
Total revenues and subsidies	612,989	605,809	7,180
Expenses:			
Operator wages	96,032	94,998	(1,034)
Other wages	89,475	88,765	(710)
Fringe benefits	138,143	151,493	13,350
Pension expense	79,250	70,500	(8,750)
Services	48,419	55,589	7,170
Fuel and lubricants	15,129	18,596	3,467
Bus parts	12,689	13,545	856
Other materials	7,171	8,607	1,436
Utilities and taxes	9,270	9,996	726
Insurance	32,368	28,330	(4,038)
Other expenses	7,315	6,461	(854)
Purchased transportation	46,669	58,630	11,961
Interest expense	790	299	(491)
Total operating expenses	582,720	605,809	23,089
Excess of revenues over expenses	30,269	\$ -	\$ 30,269
Depreciation/amortization expense	(59,526)		
Capital contributions	42,501		
Change in net position	\$ 13,244		

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
BUDGETARY BASIS – ENTERPRISE FUND – TRANSIT ONLY
SCHEDULE OF REVENUES AND EXPENSES BY SERVICE AREA
Year ended June 30, 2025

	STSD #1	STSD #2	Total	STSD #2 as a % of Total
Revenues:				
Passenger fares	\$ 32,565,427	\$ 2,192,961	\$ 34,758,388	6.31%
Contract services	10,033,385	1,633,984	11,667,369	14.00%
Advertising	1,487,903	180,309	1,668,212	10.81%
Interest income	10,118,083	1,641,011	11,759,094	13.96%
Other income	2,440,729	295,777	1,481,006	19.97%
Total operating revenues	56,645,527	5,944,042	61,334,069	9.69%
Subsidies:				
Property taxes	130,957,558	32,530,841	163,488,399	19.90%
Property taxes - Measure VV	30,054,000	-	30,054,000	0.00%
Local sales tax - Measure BB	76,834,208	9,311,043	86,145,251	10.81%
Local sales tax - Measure J	7,384,309	-	7,384,309	0.00%
Local operating assistance	20,285,414	4,029,333	24,314,747	16.57%
State - AB1107	46,899,257	6,196,245	53,095,502	11.67%
State - AB2972 Home to School	500,000	-	500,000	0.00%
State - TDA	74,031,752	16,541,944	90,573,696	18.26%
State - STA	43,113,337	7,309,255	50,422,592	14.50%
Federal operating assistance	40,739,826	4,936,997	45,676,823	10.81%
Total subsidies	470,799,661	80,855,658	551,655,319	14.66%
Total revenue and subsidies	527,445,188	86,799,700	612,989,388	14.16%
Expenses:				
Operator wages	86,063,522	9,968,080	96,031,602	10.38%
Other wages	79,803,899	9,670,921	89,474,820	10.81%
Fringe benefits	126,899,700	15,030,397	141,930,097	10.59%
Pension expense	67,471,725	7,991,562	75,463,287	10.59%
Services	43,185,507	5,233,374	48,418,881	10.81%
Fuel & lubricants	13,494,186	1,635,274	15,129,460	10.81%
Office/Printing supplies	616,878	74,756	691,634	10.81%
Bus parts/Maint. supplies	17,096,481	2,071,812	19,168,293	10.81%
Utilities	5,436,355	658,797	6,095,152	10.81%
Insurance	28,869,075	3,498,457	32,367,532	10.81%
Other expenses	9,356,482	1,133,852	10,490,334	10.81%
Purchased transportation	39,065,692	7,602,820	46,668,512	16.29%
Interest expense	702,328	87,419	789,747	11.07%
Depreciation/amortization	53,092,518	6,433,941	59,526,459	10.81%
Total operating expenses	571,154,348	71,091,462	642,245,810	11.07%
Income before capital contributions	(43,709,160)	15,708,238	(29,256,422)	-53.69%
Capital contributions	41,978,590	522,541	42,501,131	1.23%
Change in net position	\$ (1,730,570)	\$ 16,230,779	\$ 13,244,709	

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION

June 30, 2025
(In thousands)

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, 2025 basic financial statements of the District.

NOTE 3 – SCHEDULE OF REVENUES AND EXPENSE BY SERVICE AREA

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

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
June 30, 2025
(In thousands)

	<u>Pension</u>	<u>OPEB Trust</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 16,283	\$ 3,667	\$ 19,950
Contributions receivable from the District (Note 5)	7,532	-	7,532
Interest receivable and other investment receivables	15,690	-	15,690
Investments at fair value:			
Domestic equity	305,697	-	305,697
International equity	220,197	-	220,197
Domestic fixed income	160,505	-	160,505
Credit fixed income	173,218	-	173,218
Private debt	23,626	-	23,626
Private equity	6,226	-	6,226
Real estate funds	53,262	-	53,262
Total investments	<u>942,731</u>	<u>-</u>	<u>942,731</u>
Total assets	<u>982,236</u>	<u>3,667</u>	<u>985,903</u>
LIABILITIES			
Accounts payable and accrued expenses	11,994	-	11,994
Due to the District (Note 5)	<u>6,022</u>	<u>-</u>	<u>6,022</u>
Total liabilities	<u>18,016</u>	<u>-</u>	<u>18,016</u>
NET POSITION			
Restricted for:			
Pension	964,220	-	964,220
Other postemployment benefits (OPEB)	<u>-</u>	<u>3,667</u>	<u>3,667</u>
Total net position	<u>\$ 964,220</u>	<u>\$ 3,667</u>	<u>\$ 967,887</u>

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
For the year ended June 30, 2025
(In thousands)

	<u>Pension</u>	<u>OPEB Trust</u>	<u>Total</u>
ADDITIONS			
Employer contributions	\$ 69,553	\$ 4,643	\$ 74,196
Employee contributions	2,999	-	2,999
Investment income:			-
Dividends and interest income	10,715	90	10,805
Net appreciation in fair value of investments	72,248	-	72,248
Investment expenses	<u>(2,052)</u>	<u>-</u>	<u>(2,052)</u>
Net investment income	<u>80,911</u>	<u>90</u>	<u>81,001</u>
Total additions	<u>153,463</u>	<u>4,733</u>	<u>158,196</u>
DEDUCTIONS			
Benefit payments	71,342	4,536	75,878
Administrative expenses	1,484	1	1,485
Total deductions	<u>72,826</u>	<u>4,537</u>	<u>77,363</u>
Net increase in net position	80,637	196	80,833
Net position, beginning of year	<u>883,583</u>	<u>3,471</u>	<u>887,054</u>
Net position, end of year	<u><u>\$ 964,220</u></u>	<u><u>\$ 3,667</u></u>	<u><u>\$ 967,887</u></u>
