

# County Connection

2477 Arnold Industrial Way    Concord, CA 94520-5326    (925) 676-7500    [countyconnection.com](http://countyconnection.com)

## BOARD OF DIRECTORS MEETING AGENDA

Thursday, February 17, 2022  
9:00 a.m.

**PURSUANT TO THE PROVISIONS OF ASSEMBLY BILL 361, WHICH SUSPENDS CERTAIN REQUIREMENTS OF THE RALPH M. BROWN ACT, THIS MEETING WILL BE CONDUCTED AS A TELECONFERENCE.  
(GOVERNMENT CODE SECTION 54953)**

**MEMBERS OF THE PUBLIC MAY NOT ATTEND THIS MEETING IN PERSON.**

Committee Directors, staff and the public may participate remotely by calling:

Join the Zoom webinar.

When: Feb 17, 2022, 09:00 AM Pacific Time (US and Canada)

Topic: County Connection Board of Directors Meeting

Please click the link below to join the webinar:

<https://us02web.zoom.us/j/86243217510>

Or One tap mobile :

US: +14086380968,,86243217510

Or Telephone:

Dial(for higher quality, dial a number based on your current location):

US: +1 408 638

Webinar ID: 862 4321 7510

Public comment may be submitted via email to: [hill@cccta.org](mailto:hill@cccta.org). Please indicate in your email the agenda item to which your comment applies. Comments submitted before the meeting will be provided to the Board of Directors before the meeting. Comments submitted after the meeting is called to order will be included in correspondence that will be provided to the full Board.

Should Zoom not be operational, please check online at: [www.countyconnection.com](http://www.countyconnection.com) for any updates or further instruction.

Clayton • Concord • Contra Costa County • Danville • Lafayette • Martinez  
Moraga • Orinda • Pleasant Hill • San Ramon • Walnut Creek

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY**

The County Connection Board of Directors may take action on each item on the agenda. The action may consist of the recommended action, a related action or no action. Staff recommendations are subject to action and/or change by the Board of Directors.

1. Call to Order/Pledge of Allegiance
2. Roll Call/Confirm Quorum
3. Public Communication
4. Consent Calendar
  - a) Approval of Minutes of Regular Meeting of January 20, 2022\*
  - b) Independent Accountant's Report on FY 2021 Federal Funding Allocation Data for Federal Transit Administration\*
  - c) Approve Resolution Declaring that the Proclaimed State of Emergency for the COVID-19 Pandemic Continues to Impact the Ability for the Board of Directors and its Committees to Meet Safely in Person, and Directing that Virtual Board and Committee Meetings Continue\* Resolution No. 2022-022\*
5. Report of Chair
6. Report of General Manager
  - a) COVID-19 Update  
(The General Manager will provide a brief update on COVID-19 and how it is impacting County Connection.)
  - b) Update on the APTA Legislative Conference plans and related appointments for Washington, DC in March
7. Report of Standing Committee
  - a) Administration & Finance Committee
    - 1) Fiscal Year 2021 Financial Audit\*  
(The A&F Committee recommend that the Board approve the FY 2021 audit report prepared by Brown Armstrong Accountancy Corporation.)
  - b) Marketing, Planning & Legislative Committee
    - 1) Draft 2022 County Connection Federal Advocacy Program\*  
(The MP&L Committee and staff recommend that the Board of Directors review and approve the Draft 2022 Federal Advocacy Program.)
  - c) Operations & Scheduling Committee
    - 1) Battery Electric Bus Update\*  
(Staff will provide an update on electric bus operations from January 1, 2021 through December 31, 2021\*)
8. Report from the Advisory Committee
  - a) Appointment of Amina Bret-Mounet to Advisory Committee Representing City of Orinda\*
9. Board Communication
10. Adjournment

---

\*Enclosure

\*\*It will be available at the time of the Board meeting.

## General Information

Possible Action: The Board may act upon any item listed on the agenda.

Public Comment: If you wish to address the Board, please follow the directions at the top of the agenda. If you have anything that you wish distributed to the Board and included for the official record, please include it in your email. Comments that require a response may be deferred for staff reply.

Consent Items: All matters listed under the Consent Calendar are considered by the Board to be routine and will be enacted by one motion. There will be no separate discussion of these items unless requested by a Board Member or a member of the public prior to when the Board votes on the motion to adopt.

Availability of Public Records: All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body, will be available for public inspection at 2477 Arnold Industrial Way, Concord, California, at the same time that the public records are distributed or made available to the legislative body. The agenda and enclosures for this meeting are posted also on our website at [www.countyconnection.com](http://www.countyconnection.com).

Accessible Public Meetings: Upon request, County Connection will provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings and provide comments at/related to public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, auxiliary aid, service or alternative format requested at least two days before the meeting. Requests should be sent to the Assistant to the General Manager, Lathina Hill, at 2477 Arnold Industrial Way, Concord, CA 94520 or [hill@cccta.org](mailto:hill@cccta.org). Requests made by mail must be received at least two days before the meeting. Requests will be granted whenever possible and resolved in favor of accessibility.

### **Currently Scheduled Board and Committee Meetings**

Board of Directors:	Thursday, March 17, 9:00 a.m., via teleconference
Administration & Finance:	Wednesday, March 2, 2:00 p.m., via teleconference
Advisory Committee:	TBA.
Marketing, Planning & Legislative:	Thursday, March 3, 8:30 a.m., via teleconference.
Operations & Scheduling:	Friday, March 4, 8:15 a.m. via teleconference

**The above meeting schedules are subject to change and may be conducted as teleconference meetings. Please check the County Connection Website ([www.countyconnection.com](http://www.countyconnection.com)) or contact County Connection staff at 925/676-1976 to verify date, time and location prior to attending a meeting. This agenda is posted on County Connection's Website ([www.countyconnection.com](http://www.countyconnection.com)) and at the County Connection Administrative Offices, 2477 Arnold Industrial Way, Concord, California**

# County Connection

2477 Arnold Industrial Way    Concord, CA 94520-5326    (925) 676-7500    countyconnection.com

## CCCTA BOARD OF DIRECTORS

### MINUTES OF THE REGULAR MEETING

January 20, 2022

#### CALL TO ORDER/ROLL CALL/CONFIRM QUORUM

Vice Chair Amy Worth called the regular meeting of the Board of Directors to order at 9:00 a.m. Board Members present were Directors Andersen, Haydon, Hoffmeister, Schroder, Storer, Tatzin and Wilk. Directors Hudson, Noack and Sos were absent.

Staff: Churchill, Chun, Duran, Glenn, Hill, Horta, Johnson, Kamara, Longmire, Martinez, McCarthy, Mitchell, Reeb and Rettig

#### PUBLIC COMMENT:

Judy Barrientos, a bus driver with CCCTA stated her concern with some of the routes being cut and not enough meal breaks in-between.

#### CONSENT CALENDAR

MOTION: Director Wilk moved approval of the Consent Calendar, consisting of the following items: (a) Approval of Minutes of Regular Meeting of December 16, 2021; (b) Resolution No. 2022-020 Clipper MOU Amendment, (c) Resolution No. 2022-019, Declaring that the Proclaimed State of Emergency for the COVID-19 Pandemic Continues to Impact the Ability for the Board and its Committees to Meet Safely in Person, and Directing that Virtual Board and Committee Meetings Continue. Director Haydon seconded the motion, and it received the following vote of approval:

Aye:	Directors Andersen, Haydon, Hoffmeister, Schroder, Storer, Tatzin, Wilk and Worth
No:	None
Abstain:	None
Absent:	Directors Hudson, Noack and Sos

**REPORT OF CHAIR:** None

#### REPORT OF GENERAL MANAGER:

##### COVID-19 Update

General Manager Bill Churchill stated that the Omicron variant has hit the Bay Area hard, and we have ten employees who tested positive, which is the largest spike we've had since December 2021. None of our cases has ended in hospitalization and nine out of ten employees were fully vaccinated. We have implemented the stoppage of group gatherings in breakrooms, and require wearing masks all the time for the unvaccinated. We also continue to provide masks, wipes, and gloves to all employees.

### PEPRA and Section 13(c)

Bill Churchill stated that the U.S. District Court issued a stay order and preliminary injunction, to require the U.S. Department of Labor to continue to process all applications for grants. We're eligible for a number of grants that we will be applying for and the Court has set a final hearing date for February 11, 2022.

### MTC Network Management Business Case Advisory Group

Bill Churchill informed the Board that the MTC Blue Ribbon Task Force has concluded its work, and an advisory committee has been set up to review the business case for a transit network manager. MTC hired a consultant, VIA, to develop the business case analysis and possible models. The advisory group consists of seven general managers and seven advocates. The first meeting was on January 10, 2022 and the officers were selected. He will continue to update the board with any new developments.

## **REPORT OF STANDING COMMITTEES**

### **Administration & Finance Committee**

#### Transit Operator Recruitment

Kristina Martinez, Director of Recruitment & EEDevelopment explained that as the economy continues to recover from the pandemic, County Connection alongside many other transit agencies are faced with the challenges of labor uncertainties. For perspective, County Connection received 128 applications for the Transit Operator position in FY 2019, 107 applications in FY 2020, 31 applications in FY 2021, and 25 applications since the start of FY 2022. Since July 2021, the recruitment and training departments have continued to actively recruit new Operators with a total of nine (9) Operator hires made to date. These hires did not increase the number of Operators, rather, it kept the Authority at a net zero as normal attrition rates occurred. As County Connection moves forward, ongoing recruitment of Operators will be imperative to meeting current service needs as well as new service demands.

To assist in our recruitment efforts and allow for a more competitive position, staff is proposing an increase to the starting wage for all new incoming Operators at \$26.15/hr. (Step C). This would also include a move in pay for all existing County Connection Operators currently at Step A or B. Under this new strategy, the goal is to increase the current staffing levels by approximately 5%, or seven (7) Operators and reduce the effect of overtime costs. This target is to meet the Authority's current reduced service due to COVID-19 and provide the ability to make additional hires as we continue to recover post pandemic. Since the Operator shortage is anticipated to remain over the next calendar year staff would propose maintaining this change through to the end of the existing contract which is set to expire in January 2023.

**MOTION:** Director Haydon moved approval of the starting hourly wage for incoming Transit Operators at Step C and to move existing County Connection Operators who are at Step A or B to Step C for the remainder of the contract with the ATU through January 2023. Director Hoffmeister seconded the motion, and it received the following vote of approval:

Aye: Directors Andersen, Haydon, Hoffmeister, Schroder, Storer, Wilk and Worth

No: None

Abstain: Tatzin

Absent: Directors Hudson, Noack and Sos

### PERS Actuarial Valuation for June 30, 2020; Rate for FY2023

Amber Johnson explained that the CalPERS Actuarial Valuation Report (Report) for the period ending June 30, 2020, is used to set the rate for the next fiscal year and provides County Connection's funded status. The employer rate for FY 2023 will be 9.0% and the required unfunded accrued liability payment will be \$890,950. County Connection's funded status is currently 87.9% funded, which is down from 89.2% the prior year. CalPERS return on investment (ROI) for 2020 was 4.7% which was well below the discount rate of 7.0%.

It is CalPERS' policy to use a constant investment return rate for the actuarial report rather than the actual rate of return. This is called asset smoothing- the delayed recognition of part of the investment gains or losses dampens the effect of short-term market value fluctuations in setting employers' rates. Prior to fiscal year 2019, CalPERS employed a policy that amortized all gains and losses over a fixed 30-year period which was smoothed by ramping up/down the increase or decrease over a 5-year period. This method is referred to as "direct rate smoothing." Beginning last fiscal year, the CalPERS Board approved amortizing gains/losses over a 20-year period based on a level dollar amount and removed the 5-year ramping. Finally, CalPERS does not use the actuarial value of assets, but uses the market value of assets.

Due to budgetary constraints related to the COVID-19 pandemic, no additional payments towards the pension liability were made in FY 2020 or FY 2021. Staff is not requesting any additional payments towards the pension at this time, with the Plan's funded status at a healthy level of 87.9%.

## **Marketing, Planning & Legislative Committee**

### **I-680 Corridor Projects**

Ruby Horta gave a brief background stating that transportation agencies serving the I-680 corridor between Fairfield and the TriValley have conducted numerous studies aimed at reducing single-occupancy vehicles (SOV) and greenhouse gas (GHG) emissions. Most recently, the Livermore Amador Valley Transit Authority (LAVTA) completed a study that included commuter service between the Martinez Amtrak Station and the Dublin/Pleasanton BART station, with some trips extending to the Pleasanton ACE Station. Those efforts have been incorporated into the Innovate 680 strategies developed by the Contra Costa Transportation Authority (CCTA). By partnering with both LAVTA and County Connection, CCTA has developed a project proposal to seek grant funding.

County Connection has been involved in all the Innovate 680 strategies and most recently was part of the TIRCP project development for commuter service along the I-680 corridor. CalSTA staff has been encouraging project submittal for zero emission buses, specifically, hydrogen fuel cell vehicles. The implementation of a one-seat express bus service between the Martinez Amtrak Station and the Dublin/Pleasanton BART Station using hydrogen fuel cell buses and fueling stations was included in the funding plan submitted to MTC by CCTA, seeking MTC endorsement.

## **Operations & Scheduling Committee**

### **Choice in Aging New One Year Demonstration Project and Resolution No. 2022-021**

Rashida Kamara explained that following the six-month pilot, staff was scheduled to continue participation in the program with Choice in Aging with the option for same day booking. Unfortunately, effective March 16<sup>th</sup>, there was a Statewide shelter in place order issued by the Governor of California, due to the widespread of COVID-19. Social services like Choice in Aging were forced to close their doors. Since the onset of the pandemic and the slow removal of restrictions, County Connection continues to work with Choice in Aging in their reopening plan. As a result, passengers have started to return to in person participation and Choice in Aging would like to renew participation in the Silver Ride program. The cost per trip will be \$37.50. Prior to the pandemic, County Connection budgeted \$250,00 but only spent \$115,000 for the program. This year staff budgeted \$300,000

anticipating the program would ramp up this summer and operate for a full year. With the slow start staff anticipates the program expense at \$75,000 for the remainder of FY 22. The extension will not have an additional impact on the paratransit budget because it was included in the approved budget in anticipation of continuing the project.

**MOTION:** Director Storer moved approval of the new one-year demonstration project with Choice in Aging, through December 2022, adopting resolution No. 2022-021.

Aye: Directors Andersen, Haydon, Hoffmeister, Schroder, Storer, Tatzin, Wilk and Worth

No: None

Abstain: None

Absent: Directors Hudson, Noack and Sos

### **Report from the Advisory Committee**

Marji McWee, Chair of the Advisory Committee gave an update on the Advisory Committee

Maji McWee explained that the Advisory Committee's purpose is to inform the County Connection Board with stakeholder feedback to help it understand the influences impacting the system's ridership. She identified three goals: first, adding members from under-represented districts and stakeholder groups (e.g., commuters, intercounty riders, students, economically-disadvantaged, individuals with disabilities, and senior citizens); secondly, onboarding new members to equip them for effectiveness; and lastly, exploring strategic questions and issues posed to the Committee by the Board with the Committee reciprocating by posing questions and presenting feedback to the Board.

**BOARD COMMUNICATION:** None

**ADJOURNMENT:** Chair Hudson adjourned the regular Board meeting at 10:21 am.

Minutes prepared by



---

Lathina Hill  
Assistant to the General Manager

Date: February 2, 2022

## INTER OFFICE MEMO

**To:** Board of Directors

**Date:** 02/09/2022

**From:** Amber Johnson, Chief Financial Officer

**Reviewed by:** WC.

---

**SUBJECT:** Independent Accountant's Report on FY 2021 Federal Funding Allocation Data for Federal Transit Administration

---

**Background:**

Annually, our independent auditors, Brown Armstrong, CPA's, are required to review the data we report to FTA on Form FFA-10 which is included in the National Transit Database report (NTD).

**Summary of Issues:**

The FTA Form FFA-10 reports hours, miles, passengers, passenger miles and total operating expenses.

Staff filed the NTD report for the fiscal year ended June 30, 2021 in December, and Brown Armstrong completed their review in January. Brown Armstrong reviewed the data and financial information and issued the reports without exceptions. Brown Armstrong presented their report to the Administration & Finance (A&F) Committee in February.

**Financial Implications:**

There are no financial implications as a result of this report.

**Action Requested:**

Staff and the A&F Committee request that the Board approve the Independent Accountant's Report on Applying Agreed-Upon Procedures for Federal Funding Allocation Data Federal Transit for the Fiscal Year Ended June 30, 2021.

**Attachments:**

Attachment 1: Independent Accountant's Report on Applying Agreed-Upon Procedures for Federal Funding Allocation Data Federal Transit Administration for the Fiscal Year Ended June 30, 2021



**CENTRAL CONTRA COSTA TRANSIT AUTHORITY**  
**NATIONAL TRANSIT DATABASE REPORTING**  
**INDEPENDENT ACCOUNTANT'S REPORT ON**  
**APPLYING AGREED-UPON PROCEDURES**  
**FOR FEDERAL FUNDING ALLOCATION DATA**  
**FEDERAL TRANSIT ADMINISTRATION**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2021**

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Administration and Finance Committee and Board of Directors of  
 Central Contra Costa Transit Authority  
 and the Federal Transit Administration

The Federal Transit Administration (FTA) has established the following standards with regard to the data reported to it in the Federal Funding Allocation Statistics Form (FFA – 10) of the Central Contra Costa Transit Authority's (the Authority) annual National Transit Database (NTD) report:

- A system is in place and maintained for recording data in accordance with NTD definitions. The correct data are being measured and no systematic errors exist.
- A system is in place to record data on a continuing basis and the data gathering is an ongoing effort.
- Source documents are available to support the reported data and are maintained for FTA review and audit for a minimum of three years following FTA's receipt of the NTD report. The data are fully documented and securely stored.
- A system of internal controls is in place to ensure the data collection process is accurate and that the recording system and reported comments are not altered. Documents are reviewed and signed by a supervisor, as required.
- The data collection methods are those suggested by FTA or otherwise meet FTA requirements.
- The deadhead miles, computed as the difference between the reported total actual vehicle miles data and the reported total actual vehicle revenue miles (VRM) data, appear to be accurate.
- Data are consistent with prior reporting periods and other facts known about transit agency operations.

We have performed the procedures enumerated in Attachment A to the data contained in the Authority's FFA-10 for the fiscal year ended June 30, 2021. Such procedures, which were specified by the FTA in the Declarations section of the *2021 NTD Policy Manual* and were agreed to by the Authority, were applied solely to assist you in evaluating whether the Authority complied with the standards described in the first paragraph of this report and that the information included in the NTD report and that the FFA-10 for the fiscal year ended June 30, 2021 is presented in conformity with the requirements of the Uniform System of Accounts (USOA) and records and Reporting System; Final Rule, as specified in Section 49 Code of Federal Regulations (CFR) Part 630, *Federal Register*, dated January 15, 1993, and as presented in the *2021 NTD Policy Manual*. The Authority's management is responsible for compliance with the standards described above. The Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated results and findings, if applicable, are described in Attachment A.

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

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Stockton, California  
February 7, 2022

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
NATIONAL TRANSIT DATABASE REPORTING  
ATTACHMENT A – AGREED UPON PROCEDURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The procedures described below, which are referenced in order to correspond to the *2021 National Transit Database (NTD) Policy Manual* procedures, were applied separately to each of the information systems used to develop the reported actual vehicle revenue miles, passenger miles traveled, and operating expenses of the Central Contra Costa Transit Authority (the Authority) for the fiscal year ended June 30, 2021, for the *Motor Bus Service – Directly Operated (MBDO)*, *Motor Bus Service – Purchased Transportation (MBPT)*, and *Demand Response – Purchased Transportation (DRPT)*.

Our procedures and associated findings are as follows:

- A. Obtain and read a copy of written system procedures for reporting and maintaining data in accordance with NTD requirements and definitions set forth in 49 Code of Federal Regulations (CFR) Part 630, *Federal Register*, dated January 15, 1993, and as presented in the *2021 NTD Policy Manual*. If there are no procedures available, discuss the procedures with the personnel assigned with the responsibility for supervising the NTD data preparation and maintenance.

**Finding:** We discussed procedures related to the system for reporting and maintaining data in accordance with the NTD requirements and definitions set forth in 49 CFR Part 630, *Federal Register*, dated January 15, 1993, and as presented in the *2021 NTD Policy Manual* with the personnel assigned with the responsibility of supervising the preparation and maintenance of NTD data. No exceptions were noted as a result of applying this procedure.

- B. Discuss the procedures (written or informal) with the personnel assigned with the responsibility for supervising the preparation and maintenance of NTD data to determine:
- The extent to which the Authority followed the procedures on a continuous basis, and
  - Whether Authority personnel believe such procedures result in accumulation and reporting of data consistent with NTD definitions and requirements set forth in 49 CFR Part 630, *Federal Register*, dated January 15, 1993, and as presented in the *2021 NTD Policy Manual*.

**Finding:** We discussed with various personnel the procedures noted in Procedure “A” above to determine whether the Authority follows the procedures on an ongoing basis and that the procedures result in the accumulation and reporting of data consistent with the NTD requirements and definitions as set forth in the *Uniform System of Accounts (USOA) and Records and Reporting System; Final Rule*, and specified in the 49 CFR Part 630, *Federal Register*, dated January 15, 1993, and the most recent *2021 NTD Policy Manual*. No exceptions were noted as a result of applying this procedure.

- C. Ask these same personnel about the retention policy that the Authority follows as to source documents supporting NTD data reported on the Federal Funding Allocation Statistics Form (FFA – 10).

**Finding:** We noted that the retention policy that is followed by the Authority regarding source documents supporting the FFA – 10 data reported are retained for a minimum of three years by the Authority. In addition, we noted that the Authority maintains the computer files more than three years depending on the need of historical data. No exceptions were noted as a result of applying this procedure.

- D. Based on a description of the Authority’s procedures from Procedures “A” and “B” above, identify all the source documents that the Authority must retain for a minimum of three years. For each type of source document, select three months out of the year and determine whether the document exists for each of these periods.

**Finding:** We identified the source documents that are to be retained by the Authority for a minimum of three years. We randomly selected three months out of the fiscal year ended June 30, 2021, September 2020, January 2021, and February 2021, and verified that each type of source document existed for each of these periods. No exceptions were noted as a result of applying this procedure.

- E. Discuss the system of internal controls. Inquire whether separate individuals (independent of the individuals preparing source documents and posting data summaries) review the source documents and data summaries for completeness, accuracy, and reasonableness and how often these individuals perform such reviews.

**Finding:** We discussed the system of internal control with personnel responsible for supervising and maintaining the NTD data. The method is mostly automated with a few manual procedures. We determined that individuals preparing source documents were independent of individuals posting data summaries, reviewing the source documents, and summarizing data for completeness, accuracy, and reasonableness. No exceptions were noted as a result of applying this procedure.

- F. Select a random sample of the source documents and determine whether supervisors' signatures are present as required by the system of internal controls. If supervisors' signatures are not required, inquire how personnel document supervisors' reviews.

**Finding:** As noted above, the method is mostly automated. As such, there are no physical signatures documenting the supervisors' review and approval of the source documents. The software utilized automatically accumulates the data from the Clever Devices Automatic Passenger Counter on each vehicle. Monthly reports are prepared for the Operating and Scheduling Committee and are reviewed by management electronically, as allowed by the *2021 NTD Policy Manual*. Approval is given by authorizing the posting of the monthly data to NTD. No exceptions were noted as a result of applying this procedure.

- G. Obtain the worksheets used to prepare the final data that the Authority transcribes onto the FFA-10. Compare the periodic data included on the worksheets to the periodic summaries prepared by the transit agency. Test the arithmetical accuracy of the summaries.

**Finding:** We obtained the Authority's year-end cumulative reports that are used to prepare the FFA-10. We compared the prior year data to the current year data and investigated any changes over 10%. We also compared the source documents to the year-end cumulative report (Form S-10). We also recalculated summarizations of supporting documentation which were tested in "D" above. No exceptions were noted as a result of applying this procedure.

- H. Discuss the procedure for accumulating and recording passenger miles traveled (PMT) data in accordance with NTD requirements with the Authority's staff. Inquire whether the procedure is one of the methods specifically approved in the *2021 NTD Policy Manual*.

**Finding:** During fiscal year 2021, the Authority used the procedure of an estimate of passenger miles traveled (PMT) based on statistical sampling, meeting FTA's 95% confidence and  $\pm 10\%$  precision requirements based on a qualified statistician's determined procedure. No exceptions were noted as a result of applying this procedure.

- I. Discuss with the Authority's staff (the auditor may wish to list the titles of the persons interviewed) the Authority's eligibility to conduct statistical sampling for PMT data every third year. Determine whether the Authority meets NTD criteria that allow transit agencies to conduct statistical samples for accumulating PMT data every third year rather than annually. Specifically:

- According to the 2010 Census, the public transit agency serves an urbanized area (UZA) with a population less than 500,000.
- The public transit agency directly operates fewer than 100 revenue vehicles in all modes in annual maximum revenue service (VOMS) (in any size UZA).
- Service purchased from a seller is included in the transit agency's NTD report.

- For transit agencies that meet one of the above criteria, review the NTD documentation for the most recent mandatory sampling year (2021) and determine that statistical sampling was conducted and meets the 95% confidence and  $\pm 10\%$  precision requirements.
- Determine how the transit agency estimated annual PMT for the current report year.

**Finding:** For MBDO, the Authority uses an alternative sampling technique, which is a statistically valid technique, other than 100 percent count, which was certified by a qualified statistician in 2009 when the Authority was testing the method to ensure it met the mandated accuracy and precision levels. We reviewed the certification of the statistician and determined that the individual was qualified and had the proper credentials. We also ensured that the statistician certified that the Authority's alternative technique used the minimal 95% confidence and +10 precision requirements for estimating boarding and passenger miles. We also obtained an understanding of how the Authority collects data, software utilized, and the estimation process. No exceptions were noted as a result of applying this procedure. For Demand Response Purchased Transportation (DRPT), the Authority does not use estimates, but rather uses the information collected by LINK, the service purchase seller. This data is derived from driver counts and data generated from Trapeze. The information from the Purchase Services Seller is included in the NTD report. No exceptions were noted as a result of applying this procedure.

- J. Obtain a description of the sampling procedure for estimation of PMT data used by the transit agency. Obtain a copy of the transit agency's working papers or methodology used to select the actual sample of runs for recording PMT data. If the transit agency used average trip length, determine that the universe of runs was the sampling frame. Determine that the methodology used to select specific runs from the universe resulted in a random selection of runs. If the transit agency missed a selected sample run, determine that a replacement sample run was random. Determine that the transit agency followed the stated sampling procedure.

**Finding:** We obtained a description of the sampling procedure for estimation of PMT data used by the Authority. We obtained a copy of the Authority's working papers and methodology used to select the actual sample of runs for recording PMT data. We determined that the Authority followed the stated sampling procedure. No exceptions were noted as a result of applying this procedure.

- K. Select a random sample of the source documents for accumulating PMT data and determine that the data are complete (all required data are recorded) and that the computations are accurate. Select a random sample of the accumulation periods and recompute the accumulations for each of the selected periods. List the accumulations periods that were tested. Test the arithmetical accuracy of the summary.

**Finding:** We randomly selected three months, September 2020, January 2021, and February 2021. We obtained the source documents for accumulating PMT data, determined they were complete, and recomputed the accumulation periods without exception. No exceptions were noted as a result of applying this procedure.

- L. Discuss the procedures for systematic exclusion of charter, school bus, and other ineligible vehicle miles from the calculation of actual vehicle revenue miles with transit agency staff and determine that they follow the stated procedures. Select a random sample of the source documents used to record charter and school bus mileage and test the arithmetical accuracy of the computations.

**Finding:** We discussed the procedures for systematic exclusion of charter, school bus, and other ineligible vehicle miles from the calculation of vehicle revenue miles with the Authority staff and determined that stated procedures were not applicable as the Authority does not provide a charter or school bus service.

- M. For actual VRM data, document the collection and recording methodology and determine that deadhead miles are systematically excluded from the computation. This is accomplished as follows:

- If actual VRMs are calculated from schedules, document the procedures used to subtract missed trips. Select a random sample of the days that service is operated, and recompute the daily total of missed trips and missed VRMs. Test the arithmetical accuracy of the summary.
- If actual VRMs are calculated from hubodometers, document the procedures used to calculate and subtract deadhead mileage. Select a random sample of the hubodometer readings and determine that the stated procedures for hubodometer deadhead mileage adjustments are applied as prescribed. Test the arithmetical accuracy of the summary of intermediate accumulations.
- If actual VRMs are calculated from vehicle logs, select random samples of the vehicle logs and determine that the deadhead mileage has been correctly computed in accordance with FTA definitions.

**Finding:** We discussed with personnel the procedures for the collection and recording of VRM data and noted that VRMs are calculated upon inception of the route based on the distance between the first stop and last stop, including deadhead miles. We noted that the scheduled deadhead miles are systematically excluded to calculate VRMs. Furthermore, daily trip sheets are used to subtract missed trips and unscheduled deadhead miles. We also discussed the accumulation of VRMs for DRPT. We noted that VRMs for DRPT are accumulated and reported by the respective contractors through trip sheets and monthly ridership worksheets by route. These schedules are submitted by the contractors and are reviewed for clerical accuracy by Authority personnel. We recalculated the VRMs and agreed the total VRMs to the Authority's Month-End Ridership Summary report for a sample of trips in the months of September 2020, January 2021, and February 2021. No exceptions were noted as a result of applying this procedure.

- N. For rail modes, review the recording and accumulation sheets for actual VRMs and determine that locomotive miles are not included in the computation.

**Finding:** We inquired of personnel the procedures in which the Authority accumulates actual VRMs for rail modes. We noted that the Authority does not provide such service. Therefore, this procedure was not applicable.

- O. If fixed guideway or High Intensity Bus directional route miles (FG or HIB DRM) are reported, interview the person responsible for maintaining and reporting NTD data whether the operations meet the FTA definition of FG or HIB in that the service is:

- Rail, trolleybus (TB), ferryboat (FB), or aerial tramway (TR); or
- Bus (Mode: Bus (MB), Commuter Bus (CB), or Bus Rapid Transit (RB)) service operating over exclusive or controlled access rights-of-way (ROW); and
  - Access is restricted;
  - Legitimate need for restricted access is demonstrated by peak period level of service D or worse on a parallel adjacent highway; and
  - Restricted access is enforced for freeways; priority lanes used by other high occupancy vehicles (HOV) (i.e., vanpools (VP), carpools) must demonstrate safe operation;

**Finding:** We inquired of personnel the procedures in which the Authority reports VRMs, passenger miles, and operating expenses for fixed guideways segments. We noted that the Authority does not provide such services. Therefore, this procedure was not applicable.

- P. Discuss the measurement of FG and HIB DRM with the person reporting NTD data and determine that the he or she computed mileage in accordance with the FTA definitions of FG/HIB and DRM. Inquire of any service changes during the year that resulted in an increase or decrease in DRMs. If a service change resulted in a change in overall DRMs, recompute the average monthly DRMs, and reconcile the total to the FG/HIB DRM reported on the Federal Funding Allocation Statistics Form.

**Finding:** We inquired of personnel the procedures in which the Authority measures FG DRMs. We noted that the Authority does not provide such services. Therefore, this procedure was not applicable.

- Q. Inquire if any temporary interruptions in transit service occurred during the report year. If these interruptions were due to maintenance or rehabilitation improvements to a FG segment(s), the following apply:

- Report DRMs for the segment(s) for the entire report year if the interruption is less than 12 months in duration. Report the months of operation on the FG/HIB segments form as 12. The transit agency should document the interruption.
- If the improvements cause a service interruption on the FG/HIB DRMs lasting more than 12 months, the transit agency should contact its NTD validation analyst to discuss. The FTA will make a determination on how to report the DRMs.

**Finding:** We inquired of personnel the procedures in which the Authority measures FG DRMs through the use of maps or retracing routes. We noted that the Authority does not provide such services. Therefore, this procedure was not applicable.

- R. Measure FG/HIB DRM from maps or by retracing route.

**Finding:** We inquired of personnel whether other public transit agencies operate service over the same FG as the Authority. We noted that the Authority does not provide such service. Therefore, this procedure was not applicable.

- S. Discuss whether other public transit agencies operate service over the same FG/HIB as the transit agency. If yes, determine that the transit agency coordinated with the other transit agency (or agencies) such that the DRMs for the segment of FG/HIB are reported only once to the NTD on the Federal Funding Allocation Form. Each transit agency should report the actual VRM, PMT, and operating expense (OE) for the service operated over the same FG/HIB.

**Finding:** We inquired of personnel the procedures for revenue service for each fixed guideway segment. We noted that the Authority does not provide such service. Therefore, this procedure was not applicable.

- T. Review the FG/HIB segments form. Discuss the Agency Revenue Service Start Date for any segments added in the 2021 report year with the persons reporting NTD data. This is the commencement date of revenue service for each FG/HIB segment. Determine that the date reported is the date that the agency began revenue service. This may be later than the Original Date of Revenue Service if the transit agency is not the original operator. If a segment was added for the 2021 report year, the Agency Revenue Service Date must occur within the transit agency's 2021 fiscal year. Segments are grouped by like characteristics. Note that for apportionment purposes, under the State of Good Repair (§5337) and Bus and Bus Facilities (§5339) programs, the 7-year age requirement for FG/HIB segments is based on the report year when the segment is first reported by any NTD transit agency. This pertains to segments reported for the first time in the current report year. Even if a transit agency can document an Agency Revenue Service Start Date prior to the current NTD report year, the FTA will only consider segments continuously reported to the NTD.

**Finding:** We inquired of personnel the procedures for revenue service for each fixed guideway segment. We noted that the Authority does not provide such service. Therefore, this procedure was not applicable.

- U. Compare operating expenses with audited financial data after reconciling items are removed.

**Finding:** We reconciled OE presented to the audited financial statements. No exceptions were noted as a result of applying this procedure.



- V. If the transit agency purchases transportation services, interview the personnel reporting the NTD data on the amount of purchased transportation (PT)-generated fare revenues. The PT fare revenues should equal the amount reported on the Contractual Relationship form (Form B-30).

**Finding:** We compared the data reported on the Form B-30 to the purchased transportation fare revenues. No exceptions were noted as a result of applying this procedure.

- W. If the transit agency's report contains data for PT services and assurances of the data for those services are not included, obtain a copy of the Independent Auditor Statement (IAS-FFA) regarding data for the PT service. Attach a copy of the statement to the report. Note as an exception if the transit agency does not have an IAS-FFA for the PT data.

**Finding:** This procedure is not applicable as assurances over the PT services data are included in Procedures "A" through "V" above.

- X. If the transit agency PT services, obtain a copy of the PT contract and determine that the contract specifies the public transportation services to be provided; the monetary consideration obligated by the transit agency or governmental unit contracting for the service; the period covered by the contract (and that this period overlaps the entire, or a portion of, the period covered by the transit agency's NTD report); and is signed by representatives of both parties to the contract. Interview the person responsible for retention of the executed contract, and determine that copies of the contracts are retained for three years.

**Finding:** We obtained copies of the PT contracts and noted that all contracts specified the specific mass transportation services to be provided; specified the monetary consideration obligated by the Authority; specified the period covered by the contract and that this period is the same as, or a portion of, the period covered by the Authority's NTD report; and signed by representatives of both parties to the contract. We determined that executed contracts are maintained for a minimum of three years. No exceptions were noted as a result of applying this procedure.

- Y. If the transit agency provides service in more than one UZA, or between an UZA and a non-UZA, inquire of the procedures for allocation of statistics between UZAs and non-UZAs. Obtain and review the FG segment worksheets, route maps, and urbanized area boundaries used for allocating the statistics, and determine that the stated procedure is followed and that the computations are correct.

**Finding:** We inquired of personnel whether the Authority provides services in more than one UZA, or between a UZA and a non-UZA. This procedure is not applicable as the Authority does not provide services in more than one UZA.

- Z. Compare the data reported on the Federal Funding Allocation Statistics Form to data from the prior report year and calculate the percentage change from the prior year to the current year. For actual VRM, PMT, or OE data that have increased or decreased by more than 10%, or FG DRM data that have increased or decreased, interview transit agency management regarding the specifics of operations that led to the increases or decreases in the data relative to the prior reporting period.

**Finding:** We compared the data reported on the FFA - 10 to comparable data for the prior report year and calculated the percentage change from the prior year to the current year. For VRM, PMT, and OE we noted data has decreased by more than 10 percent. We inquired with the Authority management regarding the specifics of operations that led to the decreases in the data relative to the prior reporting period. The VRM and PMT decreases for MBDO, DRPT, and MBPT and OE for DRPT and MBPT are all related to the Coronavirus (COVID-19). All modes of transportation were reduced as shelter in place orders were implemented throughout California beginning in March 2020. The ridership demand due to COVID-19 dropped drastically as businesses and schools went to alternative options to operate. There was also fewer paratransit riders as that group did not request as many trips because of COVID-19. In addition, routes were suspended due to COVID-19. No exceptions were noted as a result of applying this procedure.

AA. The auditor should document the specific procedures followed, documents reviewed, and tests performed in the work papers. The work papers should be available for FTA review for a minimum of three years following the NTD report year. The auditor may perform additional procedures, which are agreed to by the auditor and the transit agency, if desired. The auditor should clearly identify the additional procedures performed in a separate attachment to the statement as procedures that were agreed to by the transit agency and the auditor but not by the FTA.

***Finding:*** We have documented the specific procedures followed, documents reviewed, and tests performed in the work papers. The work papers are available for FTA review for a minimum of three years following the NTD report year. No exceptions were noted as a result of applying this procedure.

## INTER OFFICE MEMO

**To:** Board of Directors

**Date:** February 17, 2022

**From:** Bill Churchill  
General Manager

**SUBJECT: Declaring that the Board and Its Committee Meetings Will Continue to be Held via Teleconference**

### SUMMARY OF ISSUES:

Due to the ongoing COVID-19 pandemic, the General Manager and Legal Counsel recommend the Board adopt its third resolution under Assembly Bill 361 (AB 361) (1) making findings that the proclaimed COVID-19 pandemic State of Emergency continues to impact the ability of the Central Contra Costa Transit Authority (CCCTA) Board of Directors (Board) and its committees to meet safely in person, and (2) allowing for CCCTA to use the modified teleconferencing requirements under California Government Code Section 54953 for Board and committee meetings for the next 30 days.

On September 16, 2021, Governor Newsom signed into law AB 361 amending Government Code Section 54953 to allow local agencies to use teleconferencing for public meetings without requiring teleconference locations to be included on published agendas or accessible to the public, and without requiring a quorum of the members of the legislative body of the agency to participate from locations within the boundaries of the agency's jurisdiction, during proclaimed states of emergencies.

Local agency determinations to meet using the modified teleconferencing rules under AB 361 must be reviewed every 30 days following the first teleconferenced meeting held pursuant to this law, which as an urgency statute, came into effect on October 1. The legislative body must reconsider the circumstances of the state of emergency and find that they directly impact the ability to meet safely in person. The Governor's State of Emergency related to the COVID-19 pandemic remains active and the Contra Costa County Health Officer, the California Department of Public Health, and the Department of Industrial Relations have imposed or recommended measures to promote social distancing. Compliance with these measures directly impacts the ability of the public to meet safely in person, and CCCTA cannot ensure social distancing recommendations are met in circumstances of in-person public meetings. Furthermore, there is a continuing threat of COVID-19 to the community, and Board and committee meetings have characteristics that give rise to risks to health and safety of meeting participants. Consequently, it is recommended that CCCTA continue to use remote teleconferencing for public meetings as permitted under AB 361 and to reconsider its determination (and make the necessary findings) every 30 days.

On October 21, 2021, the Board adopted its first resolution under AB 361 documenting the findings described above. The Board also was advised to consider similar actions monthly thereafter until conditions change and remote meetings are no longer necessary and appropriate. The proposed action would enable CCCTA's Board and committees to continue to meet remotely for the next 30 days.

**FINANCIAL IMPLICATIONS:** There is no impact on the budget.

**ACTION REQUESTED:** Adopt resolution declaring that the proclaimed state of emergency for the COVID-19 pandemic continues to impact the ability of the Board of Directors and its committees to meet safely in person, and directing that virtual Board and committee meetings continue.

**RESOLUTION NO. 2022-022**

**BOARD OF DIRECTORS CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
STATE OF CALIFORNIA**

\* \* \*

**FINDING THAT THE PROCLAIMED STATE OF EMERGENCY FOR THE COVID-19  
PANDEMIC CONTINUES TO IMPACT THE ABILITY FOR THE BOARD OF DIRECTORS AND ITS  
COMMITTEES TO MEET SAFELY IN PERSON, AND DIRECTING THAT VIRTUAL BOARD AND  
COMMITTEE MEETINGS CONTINUE**

**WHEREAS**, the County of Contra Costa, the Cities of Clayton, Concord, Lafayette, Martinez, Orinda, Pleasant Hill, San Ramon and Walnut Creek, and the Towns of Danville and Moraga (hereinafter "Member Jurisdictions") have formed the Central Contra Costa Transit Authority ("CCCTA"), a joint exercise of powers agency created under California Government Code Section 6500 *et seq.*, for the joint exercise of certain powers to provide coordinated and integrated public transportation services within the area of its Member Jurisdictions ("Service Area");

**WHEREAS**, on March 4, 2020, Governor Newsom declared a State of Emergency to exist in California as a result of the threat of the COVID-19 pandemic, which declaration remains in effect;

**WHEREAS**, the Contra Costa County Board of Supervisors subsequently declared a local emergency related to COVID-19, which declaration also remains in effect;

**WHEREAS**, on March 17 and June 11, 2020, the Governor issued Executive Orders N-29-20 and N-08-21, respectively, suspending certain provisions of the Ralph M. Brown Act related to teleconferencing through September 30, 2021 to facilitate legislative bodies conducting public meetings remotely to help protect against the spread of COVID-19 and to protect the health and safety of the public;

**WHEREAS**, on September 16, 2021, the Governor signed Assembly Bill (AB) 361 into law, amending Government Code Section 54953, effective immediately, to allow legislative bodies to continue to meet remotely under less restrictive requirements during a proclaimed State of Emergency provided that (1) state or local officials have imposed or recommended measures to promote social distancing, or (2) the legislative bodies determine that meeting in person would present imminent risks to the health or safety of attendees, and (3) the legislative bodies make such findings at least every thirty days during the term of the declared state of emergency;

**WHEREAS**, on October 21, 2021, pursuant to Resolution 2022-012, and monthly thereafter pursuant to Board action, the CCCTA Board of Directors (Board) made the requisite findings to allow teleconferencing under AB 361 for 30 days;

**WHEREAS**, the Board has reviewed its previous findings and again concludes that there is a continuing threat of COVID-19 to the community, and that Board and committee meetings have characteristics that continue to give rise to risks to health and safety of meeting participants; and

**WHEREAS**, to help protect against the spread of COVID-19 and its variants, and to protect the health and safety of the public, the Board desires to take the actions necessary to continue to hold its Board and committee meetings remotely as authorized by AB 361.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of the Central Contra Costa Transit Authority has reconsidered the circumstances of the COVID-19 State of Emergency, and finds and determines that the state of emergency continues to directly impact its ability to meet safely in person;

**BE IT FURTHER RESOLVED**, that the Board of Directors directs the General Manager and Clerk to the Board to continue to agendize public meetings of the Board, and all CCCTA committees that are subject to the Brown Act, only as online teleconference meetings;

**BE IT FURTHER RESOLVED**, that CCCTA will comply with the requirements of Government Code Section 54953(e)(2) when holding Board and committee meetings pursuant to this Resolution; and

**BE IT FURTHER RESOLVED**, that this Resolution will be in effect for the maximum period of time permitted under AB 361 (30 days), and the Board will reconsider the findings in this Resolution each month and may subsequently reaffirm these findings, pursuant to its consent calendar.

Regularly passed and adopted this 17th day of February, 2022 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
Dave Hudson, Chair, Board of Directors

ATTEST: \_\_\_\_\_  
Lathina Hill, Clerk to the Board

## INTER OFFICE MEMO

**To:** Board of Directors

**Date:** 02/09/2022

**From:** Amber Johnson, Chief Financial Officer

**Reviewed by:** WC.

---

**SUBJECT:** Fiscal Year 2021 Financial Audit

---

### Background:

The County Connection (Authority) financial audit for fiscal year (FY) 2021 has been completed and the Basic Financial Statements (BFS) are enclosed for your review (Attachment 1).

### Summary of Report:

An independent audit was performed by Brown Armstrong, Accountancy Corporation, and an audit partner presented the audit results to the Administration & Finance (A&F) Committee at its February meeting. The goal of a financial statement audit is to provide users with a reasonable assurance from an independent source that the information presented in the statements is reliable. The findings are summarized as follows:

- The type of auditor's report is unmodified (BFS Pages 2, 53).
- One material weakness was identified related to the delay in accrual of certain federal revenue (BFS Page 54 and summary below).
- A deficiency was identified related to our inventory review (BFS Page 54 and summary below).

The Basic Financial Statements (BFS) include the Management's Discussion and Analysis (Page 4 of BFS) which provides an introduction and summary of the activities over the course of the year. The Statement of Net Position is \$29,168,596 (Page 10 of BFS) a decrease of \$7,667,166. The following is a summary of the changes in Net Position between June 30, 2021, and June 30, 2020:

- Fares and Operating Assistance – Passenger revenue and special transit fares decreased by about \$3 million from FY 2020 to FY 2021, as the authority continued its pause on fare revenue collection through October 2020 as a COVID-19 safety measure, along with reduced and/or discontinued routes through the remainder of the fiscal year. Federal operating assistance decreased by about \$6 million, due to the utilization of federal emergency assistance in FY 2021 compared to FY 2020. These decreases were mostly offset by use of TDA revenue, which increased by \$7.6 million.
- Capital Assets – Capital Assets decreased \$6.8 million to \$41 million due to the depreciation on buses that were purchased in the previous years. The Authority did not have any major capital purchases in FY 2021.

- Deferred Outflow of Resources – Deferred outflow of resources for pension and OPEB remained stable at a total of \$3.7 million in FY 2021 and FY 2020. Deferred outflow represents future pension contributions to CalPERS for years in which it did not meet its discount rate.
- Deferred Inflow of Resources – The amount decreased from \$3.6 million to \$2.2 million which represents changes in estimates based on actual investment performance, and changes in assumptions that provide additional assets to the pension and retiree medical plans. Deferred inflow of resources for pension and OPEB is \$193 thousand and \$2 million, respectively.
- Due to Other Government, TDA payable – The amount decreased slightly from \$14.3 million to \$13.9 million (Note 13). The Authority's eligible TDA expenses were significantly higher in FY 2021 as compared to FY 2020, however, the total TDA advance was also much larger in FY 2021. This resulted in the unused portion of TDA (the amount payable) to remain stable.
- Net pension and OPEB liability – The net pension liability and retiree medical as of June 30, 2020 (the measurement date) are \$12 million and \$3 million respectively.

### **Audit Findings:**

The auditors identified a deficiency considered to be a material weakness while reviewing the Authority's Schedule of Federal Awards (SEFA) and related revenue accruals. They noted that the Authority did not accrue all revenues earned in the fiscal year. Once the Authority was made aware of the omission, the revenue was accrued, and the deficiency was resolved. Staff has modified its procedures around year-end accruals and SEFA preparation to ensure this situation does not occur again in the future.

The auditors also identified a deficiency not considered to be a material weakness while reviewing the Authority's inventory process. They noted data input errors and some obsolete inventory items were not being removed from the inventory system. Staff did make significant progress on this issue after it was raised by the auditors last year, with additional procedures implemented to remove obsolete inventory, and corrections made to the way inventory is recorded in the Pricebook at time of purchase and time of usage. Staff will continue to work to improve procedures and ensure that staff who perform inventory counts are following the procedures closely.

### **Other Information:**

Page 47-49 of the BFS – Independent Auditor's Report on State Compliance regarding testing for compliance with TDA laws and internal control based on standards contained in Government Auditing Standards issued by the Comptroller General of the United States. The results of the tests disclosed no instances of noncompliance or material weaknesses.

Page 52 of the BFS – This is the third year for the Schedule of Revenues, Expenses and Changes in Net Changes which provides 10 years of revenues, expenses, and net position. Staff will be considering additional schedules in the future to provide the readers useful information.

Page 53 of the BFS – Schedule of Findings and Questioned Costs from the auditor regarding the compliance with the requirements of the Office of Management and Budget (OMB) Circular A-133. There are no audit findings that are required to be reported to the OMB. The auditors did disclose two deficiencies on the revenue accruals and inventory review that staff concurs with and is currently addressing.



**Other Letters:**

- Letter to the Administration and Finance Committee regarding the responsibilities of the auditor and the scope and timing of the audit (SAS 114 Letter - Attachment 2)
- Letter to the Administration and Finance Committee reviewing TDA and STA revenue, diesel fuel and PERS benefits. The auditor found that population-based STA decreased by \$1 million. No other findings were noted. (Attachment 3)

**Financial Implications:**

No fiscal impact occurs as a result of the Committee's acceptance of these reports. The FY 2021 Basic Financial Statements and related reports are presented as the actual results of the Authority's financial activities for the year.

**Action Requested:**

Staff and the A&F Committee recommend that the Board approve the FY 2021 audit report prepared by Brown Armstrong Accountancy Corporation.

**Attachments:**

Attachment 1: Central Contra Costa Transit Authority Basic Financial Statements for the year-ended June 30, 2021

Attachment 2: Letter to the Administration and Finance Committee regarding the responsibilities of the auditor and the scope and timing of the audit (SAS 114 Letter)

Attachment 3: Letter to the Administration and Finance Committee reviewing TDA and STA revenue, diesel fuel and PERS benefits. The auditor had no findings.

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
CONCORD, CALIFORNIA**

**BASIC FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY**  
**JUNE 30, 2021**

**TABLE OF CONTENTS**

	<u>Page</u>
 <u>Financial Section</u>	
Independent Auditor's Report .....	1
Management's Discussion and Analysis .....	4
 <u>Basic Financial Statements</u>	
Statement of Net Position .....	9
Statement of Revenues, Expenses, and Changes in Net Position .....	10
Statement of Cash Flows .....	11
Notes to Basic Financial Statements .....	13
 <u>Required Supplementary Information</u>	
Schedule of Changes in the Net Pension Liability and Related Ratios .....	34
Schedule of Investment Returns – Pension .....	37
Schedule of Contributions – Pension .....	38
Schedule of Changes in the Net Other Postemployment Benefits (OPEB) Liability and Related Ratios .....	40
Schedule of Investment Returns – OPEB .....	41
Schedule of Contributions – OPEB .....	42
 <u>Supplementary Schedule and Other Reports</u>	
Schedule of Expenditures of Federal Awards .....	43
Notes to Schedule of Expenditures of Federal Awards .....	44
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	45
Independent Auditor's Report on State Compliance .....	47
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance .....	50
 <u>Statistical Section</u>	
Schedule of Revenues, Expenses, and Changes in Net Position – Last 10 Fiscal Years .....	52
 <u>Findings and Questioned Costs Section</u>	
Schedule of Findings and Questioned Costs .....	53

## INDEPENDENT AUDITOR'S REPORT

To the Administration and Finance Committee and Board of Directors  
Central Contra Costa Transit Authority  
Concord, California

### Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of the Central Contra Costa Transit Authority (the Authority), as of and for the fiscal year ended June 30, 2021, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Basic Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

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

## **Opinion**

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) 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 have applied certain limited procedures to the management's discussion and analysis and 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.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis and to fulfill the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on the statistical section.

### *Report on Summarized Comparative Information*

We have previously audited the Authority's June 30, 2020, basic financial statements, and our report dated December 9, 2020, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2020, is consistent in all material respects, with the audited basic financial statements from which it has been derived.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2022, on our consideration of the Authority'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 Authority'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 Authority's internal control over financial reporting and compliance.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Stockton, California  
February 7, 2022

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**Introduction**

The following discussion and analysis of the basic financial performance and activity of the Central Contra Costa Transit Authority (the Authority) provide an introduction and understanding of the basic financial statements of the Authority. This discussion has been prepared by management and should be read in conjunction with the basic financial statements and the notes thereto, which follow this section.

The Authority was established on March 27, 1980, under a joint exercise of power agreement to provide, either directly or through contract, public transportation services within certain areas of the County of Contra Costa (the County). A Board of Directors (the Board) composed of representatives of the member jurisdictions governs the Authority. Member jurisdictions include: Cities of Clayton, Concord, Lafayette, Martinez, Orinda, Pleasant Hill, San Ramon, and Walnut Creek; Town of Moraga and Town of Danville; and County of Contra Costa. Each member jurisdiction appoints one regular representative to the Board and one alternative representative to act in the regular representative's absence.

The Authority is considered a primary government since it has a separate governing body, is legally separate, and is fiscally independent of other state and local governments. The Authority is not subject to income tax.

The Authority currently operates an active fixed route bus fleet of 125 and has approximately 249 employees. An independent contractor operates the paratransit service. The Authority receives funds primarily from transit fares and federal, state, and local grants. The disbursement of funds received by the Authority is set by Board policy, subject to applicable statutory requirements and by provisions of various grant contracts.

**The Basic Financial Statements**

The Authority's basic financial statements include (1) the Statement of Net Position; (2) the Statement of Revenues, Expenses, and Changes in Net Position; (3) the Statement of Cash Flows; and (4) the Notes to the Basic Financial Statements. The Statement of Net Position presents information on the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position can be an indication of improving or deteriorating financial condition. The Statement of Revenues, Expenses, and Changes in Net Position presents the most recent fiscal year changes in net position. The basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

**Statement of Cash Flows**

**The Statement of Cash Flows** is presented using the direct method and includes a reconciliation of operating cash flows to operating income. The Statement of Cash Flows basically provides detailed information about the cash received in the current and previous fiscal year and the uses of the cash received. This is the only cash-basis financial statement presented and it reconciles cash receipts and cash expenses to the beginning and ending cash on hand.

Most of the cash received by the Authority during the fiscal year was from state and local operating grants; most of the cash expenses were for operating activities.

**Financial Highlights**

Operating revenues were \$1,698,345, while operating expenses were \$43,992,730. The Authority is able to cover most of its operating expenses through operating revenue and grants from federal, state, and local agencies.

**Statements of Net Position**

A comparison of the Authority's Statements of Net Position as of June 30, 2021 and 2020, is as follows:

	2021	2020	2021 to 2020 Increase/Decrease	
			Amount	%
Current assets	\$ 25,724,016	\$ 26,001,836	\$ (277,820)	-1.07%
Noncurrent assets	40,996,956	47,773,076	(6,776,120)	-14.18%
Total assets	66,720,972	73,774,912	(7,053,940)	-9.56%
Deferred outflows of resources	3,741,675	3,773,761	(32,086)	-0.85%
Total assets and deferred outflows of resources	\$ 70,462,647	\$ 77,548,673	\$ (7,086,026)	-9.14%
Current liabilities	\$ 22,985,648	\$ 22,992,188	\$ (6,540)	-0.03%
Noncurrent liabilities	16,082,882	14,073,343	2,009,539	14.28%
Total liabilities	39,068,530	37,065,531	2,002,999	5.40%
Deferred inflows of resources	2,225,521	3,647,380	(1,421,859)	-38.98%
Net position				
Net investment in capital assets	40,996,956	47,773,076	(6,776,120)	-14.18%
Unrestricted net position	(11,828,360)	(10,937,314)	(891,046)	-8.15%
Total net position	29,168,596	36,835,762	(7,667,166)	-20.81%
Total liabilities, deferred inflows of resources, and net position	\$ 70,462,647	\$ 77,548,673	\$ (7,086,026)	-9.14%

The Authority's net position decreased \$7,667,166 for a balance of \$29,168,596 as of June 30, 2021. The decrease in net position is a combination of depreciation expense and defined pension expense. In fiscal year (FY) 2021, depreciation expense of \$7,197,115 was mainly on buses and paratransit vehicles for \$6,187,060. Also, allocating defined benefit pension expense for past years where interest income did not meet the assumed investment rate by California Public Employees Retirement System (CalPERS) of 7.5% (FY 2015 for 2.4% and FY 2016 for 0.6%) for \$1,445,493. This is slightly offset by interest income earned in Other Postemployment Benefits (OPEB) for \$554,446.

The Authority's current liabilities decreased \$6,540, as the amount owed to Metropolitan Transportation Commission (MTC) for Transportation Development Act (TDA) advances declined \$14,328,745 to \$13,930,726. Due to the Coronavirus (COVID-19) pandemic, the Authority received federal funding through the Coronavirus Aid, Relief, and Economic Security (CARES) Act for \$1,358,665, combined with lower expenses, meant less TDA funds were needed in FY 2021. Noncurrent liabilities increased \$2,009,539 as net pension liability increased by \$2,337,938. This was offset by net OPEB liability and self-insurance liabilities decreasing by \$57,118 and \$135,464, respectively (see Notes 7, 8, 11, and 12 in the basic financial statements for further details).



**Statements of Revenues, Expenses, and Changes in Net Position**

A summary of the Authority's Statements of Revenues, Expenses, and Changes in Net Position for FYs 2021 and 2020 is as follows:

	2021	2020	2021 to 2020 Increase/Decrease	
			Amount	%
Operating revenues	\$ 1,698,345	\$ 4,695,829	\$ (2,997,484)	-63.83%
Operating expenses	(43,992,730)	(46,964,644)	(2,971,914)	-6.33%
Operating loss	(42,294,385)	(42,268,815)	(25,570)	-0.06%
Nonoperating revenues	34,206,275	33,109,870	1,096,405	3.31%
Capital contributions	420,944	968,706	(547,762)	-56.55%
Decrease in net position	(7,667,166)	(8,190,239)	523,073	6.39%
Total net position, beginning of year	36,835,762	45,026,001	(8,190,239)	-18.19%
Total net position, end of year	<u>\$ 29,168,596</u>	<u>\$ 36,835,762</u>	<u>\$ (7,667,166)</u>	-20.81%

The largest revenue category listed on the Statement of Revenues, Expenses, and Changes in Net Position is state and local operating assistance for \$31,591,217 (88% of revenue in FY 2021, 63% of revenue in FY 2020). Most of this revenue is provided through the TDA, which returns to the County ¼ cent of the sales tax collected in the County and represented \$17,032,304 in FY 2021. The second largest source of revenue is from CCTA Measure J, a countywide ½ cent sales tax, from which the Authority received \$7,214,198. The third largest revenue source is State Transit Assistance (STA), which is sales tax on diesel fuel and represented \$4,338,448. As noted earlier, the Authority received \$1,358,665 in federal CARES Act funding to assist with COVID-19. Finally, capital contributions decreased from \$968,706 to \$420,944 with purchases of the paratransit building elevator refurbishment and Information Technology (IT) equipment including software, laptops, and printers.

Operating a public transit service is labor intensive. The Authority's operating expenses for salaries and benefits paid to employees, including the defined benefit pension and OPEB adjustments, amounted to \$25,019,594, or 57% of operating expenses. The next two largest categories of expenses are purchased transportation (the cost of providing public transportation through an independent private contractor) for \$6,072,093 (14% of operating expenses) and depreciation of capital assets for \$7,197,115 (16% of operating expenses).

Selected revenue increases (decreases) change from prior year:

	2021	2020	2021 to 2020 Increase/ Decrease
Passenger revenue	\$ 1,348,037	\$ 3,043,712	\$ (1,695,675)
Special transit fares	350,308	1,652,117	(1,301,809)
Federal operating assistance	2,371,121	8,339,542	(5,968,421)
State and local operating assistance	31,591,217	23,943,345	7,647,872

In FY 2021, the Authority received \$35,660,683 based on the categories above, which represent 99% of operating and nonoperating revenues. Fare revenue decreased \$1,695,675, or 56%. This is due to stopping fare collections from March 2020 through October 2020 to protect riders and Authority employees from COVID-19 exposure. Special transit fares decreased \$1,301,809 or 79% due to COVID-19, and reduced or discontinued routes on contracted services in the current fiscal year due to office and college closures. The Authority received \$2,371,121 in federal operating assistance, which is a decrease of \$5,968,421 due mostly to reduced CARES Act funding as well as a withdrawal of Federal Emergency Management Agency (FEMA) claim. This was offset by increased use of TDA revenue, and is reflected in the increase to state and local operating assistance.

## Capital Assets

Details of the capital assets, including assets acquired under capital lease, net of accumulated depreciation as of June 30, 2021 and 2020, are as follows:

	2021	2020	2021 to 2020 Increase/(Decrease)	
			Amount	%
Land and land improvements	\$ 5,144,554	\$ 5,144,554	\$ -	0.00%
Construction in process	353,917	270,476	83,441	30.85%
Shop, office, other equipment, and service vehicles	5,690,175	5,685,368	4,807	0.08%
Buildings and structures	20,706,249	20,484,719	221,530	1.08%
Revenue vehicles	74,376,538	75,319,640	(943,102)	-1.25%
Total	106,271,433	106,904,757	(633,324)	-0.59%
Less accumulated depreciation	(65,274,477)	(59,131,681)	(6,142,796)	-10.39%
Net total	\$ 40,996,956	\$ 47,773,076	\$ (6,776,120)	-14.18%

At June 30, 2021, the Authority's net capital assets decreased \$6,776,120 due mainly to depreciation on revenue vehicles. The Authority did not have any major purchases of capital assets in the current fiscal year as it updated the fleet over the previous couple of fiscal years. Please refer to Note 5 in the notes to the basic financial statements for further details.

## Noncurrent Liabilities

At June 30, 2021, the Authority's noncurrent liabilities balance was \$16,082,882 compared to \$14,073,343 at June 30, 2020, which consisted of the net pension liability, net OPEB liability, compensated absences, and self-insurance liabilities. The increase is mainly due to defined benefit pension liabilities increasing from \$9,579,911 to \$11,917,849 for FY 2021, offset by lower OPEB liability from \$3,082,308 to \$3,025,190 as noted earlier (see Notes 7, 8, 11, and 12 in the basic financial statements for further details).

## Overall Financial Condition

The Authority implemented a service change and fare restructure in March of 2019, which included a fare increase, elimination of paper pass products, and promotion of the Clipper Card to replace the paper passes. The Clipper Card allows for a reloadable contactless smart card for electronic fare payment throughout the Bay Area transit system. The goal of the service change was to restructure the service for increased productivity by aligning service with demand. The update appeared to be successful as ridership and fare revenue were both increasing through February 2020. Then in March 2020, the County implemented a shelter-in-place (SIP) order by the Contra Costa Health Services due to the Coronavirus (COVID-19) pandemic. As a part of the SIP order, the Authority temporarily ceased collection of fare revenues from March 2020 through October 2020 to allow for rear boarding for the health and safety of riders and staff.

While we are still dealing with restrictions intended to limit the devastation wrought by the COVID-19 virus, and with economic impacts resulting from these restrictions, the widespread availability of effective vaccines gives us confidence and optimism about the Authority's financial outlook. The unemployment rate in Contra Costa and Alameda Counties has declined 50% over the past twelve months – from 13.4% in June 2020 to 6.9% in June 2021. Many businesses have continued an option for employees to work-from-home which has decreased traffic congestion and commuters' needs for public transit. Many of the billable contracts for special routes have either suspended service or reduced their agreement terms to account for the lowered ridership. Even the bus advertising contract was renegotiated to a profit-sharing calculation which reduced advertising revenue significantly. Last year, the federal government approved the CARES Act which provided \$2 trillion to help individuals, families, businesses, state, and local agencies. This package includes \$25 billion for mass transit nationwide. This amounted to \$1.3 billion to

the Bay Area in mass transit funding which was allocated by the MTC. The Authority received an allocation for \$11.8 million from MTC for revenue losses and expenses incurred during COVID-19. The Authority received \$6.9 million of this funding at the end of FY 2020 and \$1.35 million in FY 2021, leaving \$3.55 million for future use.

The impacts of the COVID-19 pandemic on sales tax revenue have varied across counties. Fortunately, the County has experienced stable or increased revenues, which has a positive impact on the Authority's TDA and STA funding. Overall, using current assumptions, there are sufficient TDA reserves to sustain the Authority through FY 2025-26. However, a structural deficit exists with expenses outpacing revenues. In the Spring of 2021, the Board approved a service plan reduction to mitigate some of the financial challenges and ridership declines being experienced by the Authority.

### **Contacting the Authority's Financial Management**

The Authority's financial report is designed to provide the Authority's Board of Directors, management, creditors, legislative and oversight agencies, citizens, and customers with an overview of the Authority's finances and to demonstrate its accountability for funds received. For additional information about this report, please contact Amber Johnson, Chief Financial Officer, at 2477 Arnold Industrial Way, Concord, California 94520.

## **BASIC FINANCIAL STATEMENTS**

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2021 (WITH COMPARATIVE TOTALS)**

	2021	2020
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 20,320,806	\$ 14,990,473
Capital and operating grants receivable	3,513,530	9,584,011
Materials and supplies	879,224	913,142
Other receivables	789,118	418,270
Prepaid expenses	221,338	95,940
Total Current Assets	25,724,016	26,001,836
Noncurrent Assets		
Capital assets (Note 5)	40,996,956	47,773,076
Total Noncurrent Assets	40,996,956	47,773,076
Total Assets	66,720,972	73,774,912
<b>DEFERRED OUTFLOWS OF RESOURCES (Note 7 and Note 11)</b>		
Other postemployment benefits (OPEB)	703,725	735,733
Defined benefit pension	3,037,950	3,038,028
Total Deferred Outflows of Resources	3,741,675	3,773,761
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 70,462,647</b>	<b>\$ 77,548,673</b>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	\$ 1,695,341	\$ 1,812,419
Due to other government, TDA payable (Note 13)	13,930,726	14,328,745
Advances from contracts	100,000	-
Advances from LCTOP	731,998	306,279
Advances from MTC	902,170	897,121
Advances from PTMISEA (Note 6)	2,524,646	2,776,675
Compensated absences (Note 12)	950,521	928,383
Other accrued liabilities	854,168	839,717
Self-insurance liabilities (Notes 8 and 12)	1,296,078	1,102,849
Total Current Liabilities	22,985,648	22,992,188
Noncurrent Liabilities		
Compensated absences (Note 12)	558,065	500,653
Self-insurance liabilities (Notes 8 and 12)	581,778	910,471
Net OPEB liability (Note 11)	3,025,190	3,082,308
Net pension liability (Note 7)	11,917,849	9,579,911
Total Noncurrent Liabilities	16,082,882	14,073,343
Total Liabilities	39,068,530	37,065,531
<b>DEFERRED INFLOWS OF RESOURCES (Note 7 and Note 11)</b>		
OPEB	2,032,690	2,562,026
Defined benefit pension	192,831	1,085,354
Total Deferred Inflows of Resources	2,225,521	3,647,380
<b>NET POSITION</b>		
Net investment in capital assets	40,996,956	47,773,076
Unrestricted	(11,828,360)	(10,937,314)
Total Net Position	29,168,596	36,835,762
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 70,462,647</b>	<b>\$ 77,548,673</b>

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

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021 (WITH COMPARATIVE TOTALS)**

	2021	2020
Operating Revenues		
Passenger fares	\$ 1,348,037	\$ 3,043,712
Special transit fares	350,308	1,652,117
Total Operating Revenues	<u>1,698,345</u>	<u>4,695,829</u>
Operating Expenses		
Salaries and benefits	24,128,547	25,322,594
Materials and supplies	2,289,007	2,468,857
Services	1,746,263	1,869,379
Purchased transportation	6,072,093	6,544,224
Insurance	957,458	790,287
Other	73,552	147,590
Utilities	348,434	365,131
Taxes	228,805	237,192
Leases and rentals	60,409	60,444
Defined benefit pension adjustment	1,445,493	2,120,710
OPEB adjustment	(554,446)	(461,471)
Depreciation	7,197,115	7,499,707
Total Operating Expenses	<u>43,992,730</u>	<u>46,964,644</u>
Operating Loss	(42,294,385)	(42,268,815)
Nonoperating Revenues		
Federal operating assistance	2,371,121	8,339,542
State and local operating assistance	31,591,217	23,943,345
Advertising revenue	95,263	479,408
Interest income	36,814	268,607
Other revenue	84,977	78,968
Gain on sale of capital assets	26,883	-
Total Nonoperating Revenues	<u>34,206,275</u>	<u>33,109,870</u>
Net Loss Before Capital Contributions	(8,088,110)	(9,158,945)
Capital Contributions		
Grants restricted for capital expenses (Note 3)	420,944	968,706
Decrease in Net Position	(7,667,166)	(8,190,239)
Total Net Position, Beginning of Year	<u>36,835,762</u>	<u>45,026,001</u>
Total Net Position, End of Year	<u>\$ 29,168,596</u>	<u>\$ 36,835,762</u>

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

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021 (WITH COMPARATIVE TOTALS)**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 1,427,497	\$ 5,318,778
Payments to employees (salaries and benefits)	(24,170,010)	(25,283,176)
Payments to suppliers	<u>(11,876,830)</u>	<u>(12,197,547)</u>
Net Cash Used in Operating Activities	<u>(34,619,343)</u>	<u>(32,161,945)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Federal operating grants	7,701,334	1,966,616
State and local operating grants	31,832,643	31,570,015
Other noncapital revenue	<u>180,240</u>	<u>260,874</u>
Net Cash Provided by Noncapital Financing Activities	<u>39,714,217</u>	<u>33,797,505</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sale of capital assets	26,832	-
Principal payments on capital lease	-	(38,000)
Capital grants received	700,506	597,973
Capital asset purchases	<u>(528,693)</u>	<u>(837,804)</u>
Net Cash Flows Provided by (Used in) Capital and Related Financing Activities	<u>198,645</u>	<u>(277,831)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	<u>36,814</u>	<u>268,607</u>
Net Increase in Cash and Cash Equivalents	5,330,333	1,626,336
Cash and Cash Equivalents, Beginning of Year	<u>14,990,473</u>	<u>13,364,137</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 20,320,806</u></u>	<u><u>\$ 14,990,473</u></u>

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

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY**  
**STATEMENT OF CASH FLOWS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021 (WITH COMPARATIVE TOTALS)**

	<u>2021</u>	<u>2020</u>
Operating Loss	\$ (42,294,385)	\$ (42,268,815)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation	7,197,115	7,499,707
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase) Decrease in receivables	(370,848)	622,949
(Increase) Decrease in materials and supplies	33,918	(5,928)
(Increase) Decrease in prepaid expenses	(125,398)	52,519
Increase (Decrease) in accounts payable	(9,329)	238,966
Increase in net pension liability and related items	1,445,493	2,120,710
(Decrease) in net OPEB liability and related items	(554,446)	(461,469)
Increase in advances from contracts	100,000	-
Increase (Decrease) in other liabilities and compensated absences	<u>(41,463)</u>	<u>39,416</u>
Net Cash Used in Operating Activities	<u><u>\$ (34,619,343)</u></u>	<u><u>\$ (32,161,945)</u></u>

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



**CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Central Contra Costa Transit Authority (the Authority) was created in 1980 under a joint exercise of power agreement to provide, either directly or through contract, public transportation services within certain areas of the County of Contra Costa (the County). The Authority is governed by a Board of Directors (the Board) composed of representatives of the member jurisdictions, which include the Cities of Clayton, Concord, Lafayette, Martinez, Orinda, Pleasant Hill, San Ramon, and Walnut Creek; the Town of Moraga and the Town of Danville; and the County of Contra Costa. Each member jurisdiction appoints one regular representative to the Board and one alternate representative to act in the regular representative's absence.

The Authority is considered a primary government since it has a separate governing body, is legally separate, and is fiscally independent of other state or local governments.

**A. Basis of Accounting and Presentation**

The basic financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority's basic financial statements are accounted for as a Business-Type Activity, as defined by GASB, and are presented on the accrual basis of accounting. Under this method, revenues are recognized when they are earned, and expenses are recognized when they are incurred.

**Contributed Capital/Reserved Retained Earnings**

The Authority receives grants from the Federal Transit Administration (FTA) and other agencies of the U.S. Department of Transportation and state and local transportation funds for the acquisition of transit-related equipment and improvements. Prior to July 1, 2001, capital grants were recognized as donated capital to the extent that project costs under the grant had been incurred. Capital grant funds earned, less amortization equal to accumulated depreciation of the related assets, were included in contributed capital. As required by current GASB standards, the Authority includes capital grants in the determination of net income resulting in an increase in net revenue of \$420,944 for the fiscal year ended June 30, 2021.

Contributed capital and reserved retained earnings are presented in the net position section as net investment in capital assets and unrestricted net position.

**Net Position**

Net position represents the residual interest in the Authority's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. Net position is presented in three broad components: net investment in capital assets, restricted, and unrestricted. Net investment in capital assets includes capital assets net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction, or improvement of those assets. Net position is restricted when constraints are imposed by third parties or by law through constitutional provisions or enabling legislation. All other net position is unrestricted.

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

The basic financial statements consist of (1) the Statement of Net Position; (2) the Statement of Revenues, Expenses, and Changes in Net Position; (3) the Statement of Cash Flows; and (4) the Notes to the Basic Financial Statements.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)**A. Basis of Accounting and Presentation** (Continued)**Classification of Revenue**

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Enterprise Funds' principal ongoing operational activities. Charges to customers represent the Authority's principal operating revenues and include passenger fees and special transit fares. Operating expenses include the cost of operating maintenance and support of transit services and related capital assets, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating or other revenues and expenses.

**B. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**C. Cash and Cash Equivalents**

Certain cash and cash equivalents are classified as restricted because their use is limited by applicable contracts or stipulations of the granting agency. Some of these restricted funds are required to be maintained in separate bank accounts. For the purpose of the Statement of Cash Flows, the Authority considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents, including cash and cash equivalents restricted for capital projects. At June 30, 2021, the Authority considered all of its cash and investments to be cash and cash equivalents.

**D. Materials and Supplies**

Materials and supplies are stated at cost using the first-in, first-out (FIFO) method.

**E. Capital Assets**

Capital assets are stated at cost and depreciated using the straight-line method over the following estimated useful lives:

Buildings and structures	30 years
Revenue transit vehicles	9-13 years
Shop, office, other equipment, and service vehicles	3-10 years

Depreciation expense on assets acquired with capital grant funds is transferred to net position, net investment in capital assets, after being charged to operations.

Major improvements and betterments to existing property, buildings, and equipment are capitalized. Costs for maintenance and repairs which do not extend the useful lives of the applicable assets are charged to expense as incurred. Upon disposition, costs and accumulated depreciation are removed from the accounts and resulting gains or losses are included in operations.

**F. Deferred Outflows of Resources and Inflows of Resources**

A deferred outflow of resources is defined as a consumption of net position by the Authority that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position that is applicable to a future reporting period. The Authority has deferred outflows of resources and deferred inflows of resources related to the California Public Employees' Retirement System (CalPERS) defined benefit plan for pensions and for its postemployment healthcare OPEB plan. Refer to Notes 7 and 11 for more information.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**G. Self-Insurance Liabilities**

The Authority is self-insured for public liability and property damage for the first \$250,000 for each occurrence. Claims between \$250,000 and \$1,000,000 are insured through a compensation pool with the California Transit Systems Joint Powers Insurance Authority (CalTIP) and claims in excess of \$1,000,000 are insured with excess insurance purchased through CalTIP up to \$25 million per occurrence. Additionally, the Authority is insured for workers' compensation claims with the Local Agency Workers' Compensation Excess (LAWCX). Refer to Note 8 for further descriptions. The Authority has recorded a liability for estimated claims to be paid.

**H. Capital and Operating Grants**

Federal, state, and local governments have made various grants available to the Authority for operating assistance and acquisition of capital assets. Grants for operating assistance, the acquisition of equipment, or other capital outlay are not formally recognized in the accounts until the grant becomes a valid receivable as a result of the Authority's compliance with appropriate grant requirements.

Operating assistance grants are included in nonoperating revenues in the year in which the grant is applicable and the related reimbursable expense is incurred. Under the accrual basis of accounting, revenue may be recognized only when earned. Therefore, enterprise funds defer revenue recognition in connection with resources that have been received as of year-end, but not yet earned. Grants received in excess of allowable expenses are recorded as due to other government and advances (refer to Notes 6 and 13).

**I. Defined Benefit Pension**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's CalPERS plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Other pension costs are recognized when pension contributions are made, which are determined by the annual actuarial valuations.

**J. Defined Benefit Other Postemployment Benefits (OPEB)**

The Authority's Healthcare Insurance Benefits Program is a defined benefit postemployment healthcare plan. For purposes of measuring the OPEB liability, deferred outflow/inflow of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by MacLeod Watts and Public Agency Retirement Services (PARS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Benefits are provided through CalPERS Health Benefits Program for all administrative employees and transit operators, and continue to the surviving spouses.

**K. Compensated Absences**

Vacation benefits are accrued when earned and reduced when used. Sick leave, holiday pay, and other absence pay are expensed when used.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)L. Funding Sources/Programs**Transportation Development Act (TDA)**

The Local Transportation Fund was created under the TDA to collect ¼ cent of the State's 7.25 percent retail sales tax collected statewide. The ¼ cent is returned by the State Board of Equalization to each county based on the amount of tax collected in that county. TDA funds are apportioned, allocated, and paid in accordance with allocation instructions from the Metropolitan Transportation Commission (MTC) to the Authority for specific transportation purposes.

**State Transit Assistance (STA)**

This program provides a second source of funding for transportation planning and mass transportation purposes as specified by California legislation.

**Federal Transit Administration (FTA)**

This program represents funding from within the U.S. Department of Transportation to assist local transportation needs.

**Measure J Funds**

This represents a local sales and use tax allocation administered by the Contra Costa Transportation Authority to claimants for transportation purposes within the County.

M. Subsequent Events

Subsequent events were evaluated through February 7, 2022, which is the date the basic financial statements were available to be issued. The COVID-19 pandemic outbreak in the United States has caused business disruption through mandated closings of businesses. While the disruption is expected to be temporary, the durations of the closings and the related financial impacts on the Authority remain uncertain and cannot be estimated at this time.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consisted of the following at June 30:

Cash on hand	\$ 450
Cash in banks	662,349
Investments	<u>19,658,007</u>
	<u><u>\$ 20,320,806</u></u>

**NOTE 2 – CASH AND CASH EQUIVALENTS** (Continued)Cash on Hand and Cash in Banks**Investments Authorized by the California Government Code and the Authority's Investment Policy**

The table below identifies the investment types that are authorized for the Authority by the California Government Code (or the Authority's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Authority's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	100%	50%
U.S. Treasury Obligations	5 years	100%	50%
U.S. Agency Securities	5 years	100%	50%
Negotiable Certificates of Deposit*	5 years	30%	30%
County Pooled Investment Funds	N/A	100%	50%
Local Agency Investment Fund (LAIF)	N/A	100%	100%

\* Limited to nationally or state-chartered bank of a state or federal association (as defined by California Financial Code Section 5102) or by a state-licensed branch of a foreign bank. The maximum investment in a certificate of deposit shall not exceed the shareholder's equity in any depository bank; the total net worth of any depository savings association; or the total or unimpaired capital and surplus of any credit union or industrial loan company.

The Authority shall not invest any funds in inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages. The Authority shall not invest any funds in any security that could result in zero interest accrual if held to maturity. The limitation does not apply to investments in shares of beneficial interest issued by diversified management companies as set forth in California Government Code Section 53601.6. In addition, the portfolio should consist of a mix of authorized types of investments. With the exception of investments in the California State LAIF, no more than fifty percent (50%) of the Authority's portfolio shall be deposited or invested in a single security type or with a single financial institution.

**Investment in State Investment Pool**

The Authority is a voluntary participant in the LAIF that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the Authority's investment in this pool is reported in the accompanying basic financial statements at amounts based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2021, had a balance of \$193 billion. Of that amount, 2.31% was invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments was 291 days as of June 30, 2021.

**NOTE 2 – CASH AND CASH EQUIVALENTS** (Continued)Cash on Hand and Cash in Banks (Continued)**Investment in State Investment Pool** (Continued)

LAIF has the following restrictions on withdrawals:

- a) For same day transactions, the requesting agency must contact LAIF by 10 a.m. PST.
- b) Transaction calls received after 10 a.m. are processed the following business day.
- c) A requesting agency can only conduct a maximum of 15 transactions (combination of deposits and withdrawals) per month.
- d) 24-hour notice is needed for withdrawals of \$10 million or more.
- e) The minimum transaction amount is \$5,000, with amounts above the minimum transacted in increments of \$1,000.
- f) Prior to the funds transfer, an authorized person from the requesting agency must call LAIF to do a verbal transaction.

The State Treasurer's Office reports its investments at fair value. The fair value of securities in the State Treasurer's pooled investment program, including LAIF, generally is based on quoted market prices. The State Treasurer's Office performs a quarterly fair valuation of the pooled investment program portfolio. In addition, the State Treasurer's Office performs a monthly fair valuation of all securities held against carrying cost. These valuations and financial statements are posted to the State Treasurer's Office website at [www.treasurer.ca.gov](http://www.treasurer.ca.gov).

**Fair Value Measurements**

GASB Statement No. 72 improved the measuring of fair value for financial reporting purposes and enhanced disclosures about the fair value hierarchy as established by GAAP. The Authority's investments are held with LAIF, which is recorded on an amortized cost basis. As such, GASB Statement No. 72 does not apply.

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the Authority's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity:

Investment Type	Amount	Remaining Maturity			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
LAIF	\$ 19,658,007	\$ 19,658,007	\$ -	\$ -	\$ -

**Disclosure Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or the Authority's investment policy, and the actual rating as of year-end for each investment type. The column marked "exempt from disclosure" identifies those investment types for which GASB Statement No. 40, *Deposit and Investment Risk Disclosures—an Amendment of GASB Statement No. 3*, does not require disclosure as to credit risk:

**NOTE 2 – CASH AND CASH EQUIVALENTS** (Continued)Cash on Hand and Cash in Banks (Continued)**Disclosure Relating to Credit Risk** (Continued)

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year-End		
				AAA	Aa	Not Rated
LAIF	<u>\$ 19,658,007</u>	<u>N/A</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,658,007</u>

**Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: \$464,263 of the Authority's deposits with financial institutions were in excess of federal depository insurance limits and were held in collateralized accounts as of June 30, 2021.

**Concentration of Credit Risk**

The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The Authority did not have any investments in any one issuer (other than external investment pools) that represent 5% or more of total Authority's investments at June 30, 2021.

**NOTE 3 – CAPITAL GRANTS**

The Authority receives grants from the FTA, which provide financing primarily for the acquisition of rolling stock. The Authority also receives grants under the State TDA and State Toll Bridge revenue programs primarily for the acquisition of rolling stock and support equipment, and the purchase of furniture and fixtures.

A summary of federal, state, and local grant activity for the fiscal year ended June 30 is as follows:

Federal grants	\$ 109,244
State grants	267,358
TDA (local transportation grants)	<u>44,342</u>
Total Capital Assistance	<u>\$ 420,944</u>

#### **NOTE 4 – OPERATING GRANTS**

The Authority receives local transportation fund allocations pursuant to the 1971 State TDA. These funds are generated within the County and are allocated based on annual claims filed by the Authority and approved by the MTC. Generally, the maximum annual TDA assistance the Authority can receive is limited to its actual operating costs less fare revenues received, federal operating assistance received, and other local operating assistance (toll bridge revenue allocations, local sales tax allocations, and related interest income). In computing the maximum TDA assistance eligibility, the Authority excludes safe harbor lease income, which for the year ended June 30, 2021, was \$8,725. For the year ended June 30, 2021, the Authority's maximum TDA assistance eligibility was \$17,672,037.

During the fiscal year ended June 30, 2021, the Authority earned \$7,214,198 of Measure J funds from the Contra Costa Transportation Authority, which is included in state and local operating assistance. These funds, derived from sales and use taxes, are to be used for bus services to alleviate congestion and improve mobility; transportation for seniors and people with disabilities; express bus service; and bus transit improvements.

During the fiscal year ended June 30, 2021, the Authority earned \$131,016 of State of Good Repair (SGR) funds from STA funds out of Senate Bill 1 (SB1). Eligible projects for SGR funding include security equipment and systems, as well as preventative maintenance. The Authority used SGR funds to support the ongoing maintenance of its onboard technology. The Authority also earned other state and local operating assistance of \$6,573,966, which mostly consisted of STA revenues.

Federal operating assistance funds have also been received pursuant to Sections 9 of the Urban Mass Transportation Act of 1974 (now FTA) for \$1,045,934. These funds are apportioned to the local urbanized area and allocated to individual transit operators by MTC after FTA approval. Expenses of federal operating assistance funds are subject to final audit and approval by MTC and the FTA. Due to the Coronavirus (COVID-19) pandemic, the Authority received federal funding through the Coronavirus Aid, Relief, and Economic Security (CARES) Act for \$1,358,665 that, in combination with lower expenses, meant less TDA funds were needed in fiscal year 2021.



**NOTE 5 – CAPITAL ASSETS AND DEPRECIATION**

Capital assets activity, including assets acquired under capital lease, at June 30 is shown below:

	Balance June 30, 2020	Additions	Reclassifications and Deletions	Balance June 30, 2021
Capital Assets Not Being Depreciated:				
Construction in process	\$ 270,476	\$ 135,524	\$ (52,083)	\$ 353,917
Land	2,704,785	-	-	2,704,785
Total Capital Assets Not Being Depreciated	2,975,261	135,524	(52,083)	3,058,702
Capital Assets Being Depreciated:				
Land improvements	2,439,769	-	-	2,439,769
Shop, office, other equipment, and service vehicles	5,685,368	113,221	(108,414)	5,690,175
Buildings and structures	20,484,719	221,530	-	20,706,249
Revenue vehicles	75,319,640	3,849	(946,951)	74,376,538
Total Capital Assets Being Depreciated	103,929,496	338,600	(1,055,365)	103,212,731
Less Accumulated Depreciation for:				
Land improvements	2,238,249	30,975	-	2,269,224
Shop, office, other equipment, and service vehicles	4,471,632	360,361	(108,414)	4,723,579
Buildings and structures	14,771,196	618,719	-	15,389,915
Revenue vehicles	37,650,604	6,187,060	(945,905)	42,891,759
Total Accumulated Depreciation	59,131,681	7,197,115	(1,054,319)	65,274,477
Total Capital Assets Being Depreciated, Net	44,797,815	(6,858,515)	(1,046)	37,938,254
Total Capital Assets, Net	\$ 47,773,076	\$ (6,722,991)	\$ (53,129)	\$ 40,996,956

Depreciation expense for the fiscal year ended June 30, 2021, was \$7,197,115.

**NOTE 6 – ADVANCES FROM PUBLIC TRANSPORTATION MODERNIZATION, IMPROVEMENT, AND SERVICE ENHANCEMENT ACCOUNT (PTMISEA)**

In November 2006, California voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B). Of the \$19.925 billion of state general obligation bonds authorized, \$4 billion was set aside by the State as instructed by statute as the PTMISEA. These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety, or modernization improvements; capital service enhancements or expansions; new capital projects; bus rapid transit improvements; or for rolling stock procurement, rehabilitation, or replacement.

During the fiscal year ended June 30, 2021, the Authority received \$0 in funds, and earned interest of \$15,329 from the State's PTMISEA account. As of June 30, 2021, there were \$267,358 of expenses incurred related to rolling stock replacement, facility rehabilitation, and lifeline bus stop. The remaining proceeds of \$2,524,646, which includes accrued interest, was deferred as shown in the schedule below. Qualifying expenses must be encumbered within three years from the date of the allocation and expended within three years from the date of the encumbrance.

Advances from PTMISEA, beginning of year	\$ 2,776,675
Proposition 1B (PTMISEA) funds allocated	-
Proposition 1B (PTMISEA) interest earned	15,329
Proposition 1B (PTMISEA) expenses	<u>(267,358)</u>
Advances from PTMISEA, end of year	<u>\$ 2,524,646</u>

**NOTE 7 – EMPLOYEES' RETIREMENT PENSION PLAN****A. General Information about the Defined Benefit Pension Plan (the Plan)**

**Plan Description** – All qualified permanent and probationary employees are eligible to participate in the Authority's Plan. The Plan is an agent multiple-employer defined benefit pension plan administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and Authority resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website. The Authority's Plan is referred to by CalPERS as the Miscellaneous Plan.

**Benefits Provided** – CalPERS provides service retirement and disability benefits, annual cost of living adjustments (COLA), and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Classic members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. California Public Employees' Pension Reform Act (PEPRA) Members with five years of service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The COLAs for the Plan are applied as specified by the California Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2021, are summarized as follows:

	<u>Miscellaneous</u>	
	<u>Prior to</u> <u>January 1, 2013</u>	<u>On or after</u> <u>January 1, 2013</u>
Hire Date		
Benefit Formula	2%@60	2%@62
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	50	52
Monthly Benefits, as a Percentage of Eligible Compensation	1.092%-2.418%	1.000%-2.500%
Required Employee Contribution Rates	7.080%	7.250%
Required Employer Contribution Rates	8.910%	8.910%

**Employees Covered** – At June 30, 2021, the following employees were covered by the benefit terms for the Plan as of the June 30, 2019 actuarial valuation:

	<u>Miscellaneous</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	212
Inactive Employees Entitled to but not yet Receiving Benefits	178
Active Employees	<u>233</u>
Total	<u><u>623</u></u>

**Contributions** – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the

**NOTE 7 – EMPLOYEES’ RETIREMENT PENSION PLAN** (Continued)**A. General Information about the Defined Benefit Pension Plan (the Plan)** (Continued)

contribution rate of employees. For the measurement period ended June 30, 2020 (the measurement date), the classic (prior to January 1, 2013) active employee contribution rate is 7.080% of annual pay, the PEPR (on or after January 1, 2013) active employee contribution rate is 7.250% of annual pay, and the employer’s contribution rate is 8.910% of annual payroll. Employer contribution rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

**B. Net Pension Liability**

The Authority’s net pension liability for the Plan is measured as the total pension liability, less the Plan’s fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

**Actuarial Assumptions** – The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15%
Mortality	Derived using CalPERS' Membership Data for all funds. <sup>(1)</sup>
Post-Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter.

<sup>(1)</sup> The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017.

All other actuarial assumptions used in the June 30, 2019 valuation were based on the recommendations in the December 2017 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases and inflation assumption for Public Agencies. The Experience Study report may be accessed on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those

**NOTE 7 – EMPLOYEES' RETIREMENT PENSION PLAN** (Continued)**B. Net Pension Liability** (Continued)

assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the reporting period ended June 30, 2021, the 7.15% discount rate was not reduced for administrative expense.

**Long-Term Expected Rate of Return** – The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rate of return by asset class are as followed:

Asset Class <sup>(a)</sup>	Assumed Asset Allocation	Real Return Years 1 - 10 <sup>(b)</sup>	Real Return Years 11+ <sup>(c)</sup>
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	-	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	-	-0.92%
Total	100.00%		

<sup>(a)</sup> In CalPERS' Comprehensive Annual Financial Report Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

<sup>(b)</sup> An expected inflation of 2.00% used for this period.

<sup>(c)</sup> An expected inflation of 2.92% used for this period.

**Annual Money-Weighted Return** – For the fiscal year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expenses, was 5.0%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**NOTE 7 – EMPLOYEES' RETIREMENT PENSION PLAN** (Continued)**C. Changes in the Net Pension Liability**

The changes in the net pension liability are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2019 (Measurement Date)	\$ 103,136,355	\$ 93,556,444	\$ 9,579,911
Changes in the year:			
Service Cost	2,334,896	-	2,334,896
Interest on the Total Pension Liability	7,294,049	-	7,294,049
Differences between Expected and Actual Experience	(68,868)	-	(68,868)
Changes of Assumptions	-	-	-
Changes of Benefit Terms	-	-	-
Net Plan to Plan Resource Movement	-	-	-
Contribution - Employer	-	1,590,639	(1,590,639)
Contribution - Employee (Paid by Employer)	-	408,586	(408,586)
Contribution - Employee	-	690,196	(690,196)
Net Investment Income	-	4,664,610	(4,664,610)
Administrative Expenses	-	(131,892)	131,892
Other Miscellaneous Income/(Expense)	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(4,440,542)	(4,440,542)	-
Net Changes During 2019-20	5,119,535	2,781,597	2,337,938
Balance at June 30, 2020 (Measurement Date)	\$ 108,255,890	\$ 96,338,041	\$ 11,917,849

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate*** – The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability	\$ 25,539,293	\$ 11,917,849	\$ 534,569

***Pension Plan Fiduciary Net Position*** – Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**NOTE 7 – EMPLOYEES' RETIREMENT PENSION PLAN** (Continued)**D. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions**

For the fiscal year ended June 30, 2021, the Authority recognized a defined benefit pension adjustment (pension expense) of \$1,445,493. At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 2,194,430	\$ -
Changes of Assumptions	-	(60,044)
Differences between Expected and Actual Experience	10,716	(132,787)
Net Differences between Projected and Actual Earnings on Plan Investments	832,804	-
Total	<u>\$ 3,037,950</u>	<u>\$ (192,831)</u>

\$2,194,430 reported as a deferred outflow of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ (488,520)
2023	265,113
2024	484,837
2025	389,259
Total	<u>\$ 650,689</u>

**E. Payable to the Pension Plan**

At June 30, 2021, the Authority reported a payable of \$90,556 for the outstanding amount of contributions to the pension plan required for the fiscal year ended June 30, 2021.

**NOTE 8 – RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority is self-insured for public liability and property damage up to \$250,000 per occurrence. Claims between \$250,000 and \$1,000,000 are insured through CalTIP, a joint powers agency (risk sharing pool) established in 1987 to provide an independently managed self-insurance program for member transit operators. Claims in excess of the pool limit are covered by excess insurance purchased by CalTIP up to \$25 million per occurrence. Specifically, the Authority has the following forms of coverage through CalTIP:

- bodily injury liability,
- property damage liability,
- public officials errors and omissions liability, and
- personal injury liability.

#### **NOTE 8 – RISK MANAGEMENT** (Continued)

The purpose of CalTIP is to spread the adverse effect of losses among the member agencies and to purchase excess insurance as a group, thereby reducing its expense.

The Authority makes payments to CalTIP based on actuarial estimates of the amounts needed to pay prior year and current year claims. The claims liability of \$489,151 at June 30, 2021, is based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, for Public Entity Risk Pools, and for Entities Other Than Pools*, which requires that a liability for claims be reported if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated. This liability relates to the Authority's self-insured retention for its insurance program.

As of July 1, 2001, the Authority obtained insurance coverage relating to workers' compensation claims through the LAWCX, a joint powers agency (risk sharing pool) established in 1992 as a state-wide joint powers authority. Currently, there are 34 members consisting of 23 municipalities, 10 joint powers authorities, and 1 special district. The Authority is self-insured up to \$250,000 per occurrence. Claims between \$250,000 and \$5,000,000 are covered by LAWCX. The Authority pays an annual premium to the pool. LAWCX participates in the California State Association of Counties Excess Insurance Authority (CSAC-EIA) for excess workers' compensation coverage in excess of \$5 million up to statutory limits. CSAC-EIA is a member-directed risk sharing pool of counties and public entities committed to providing risk coverage programs and risk management services.

The Authority makes payments to LAWCX on the actuarial estimates of the amounts needed to pay prior year and current year claims. The claims liability of \$1,388,705 at June 30, 2021, is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated. This liability relates to the Authority's self-insured retention for its insurance program.

#### **NOTE 9 – COMMITMENTS AND CONTINGENCIES**

The Authority has received state and federal funds for specific purposes that are subject to review and audit by grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, the Authority believes that any required reimbursements will not be material.

Additionally, the Authority is involved in various lawsuits, claims, and disputes, which for the most part are normal to the Authority's operations. In the opinion of Authority management, the costs that might be incurred, if any, would not materially affect the Authority's financial position or results of operations.

#### **NOTE 10 – CASH RESERVE FUNDS**

The Authority has designated two cash reserve funds as follows:

##### **Safe Harbor Lease Reserve**

The Authority maintains a reserve fund consisting of proceeds from the sale of federal income tax benefits under the safe harbor lease provisions of the Tax Equity and Fiscal Responsibility Act of 1982. The funds held are designated by the Authority's Board as a reserve against future unanticipated operating and capital funding shortfalls. As of June 30, 2021, this fund, including accrued interest, totaled \$1,557,746.

**NOTE 10 – CASH RESERVE FUNDS** (Continued)**Self-Insurance Reserve**

The Authority is self-insured for public liability and property damage up to \$250,000 for each occurrence. For workers' compensation claims, it is also self-insured up to \$250,000 per occurrence. Claims in excess of this amount are insured. Refer to Note 8 for further description. The Authority has designated a cash reserve fund to cover anticipated liability and damage claims not covered by insurance. The Authority reserves for reported actual and estimated incurred claims. The reserve for public liability and property damage as of June 30, 2021, totaled \$489,151, and for the workers' compensation totaled \$1,388,705.

**NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)****A. General Information about the OPEB Plan*****Plan Description***

The Authority's Healthcare Insurance Benefits Program is a single-employer defined benefit postemployment healthcare plan in which retirees are eligible to participate. Benefits are provided through CalPERS Health Benefits Program for all administrative employees and transit operators. Benefits continue to the surviving spouses.

***Benefits Provided***

Eligibility for retiree health benefits requires service or disability retirement from the Authority on or after age 50 (age 52 if a PEPPRA member) with at least five years of CalPERS service.

The Authority pays a portion of the cost of health insurance for retirees under any group plan offered by CalPERS, subject to certain restrictions as determined by the Authority.

***Employees Covered by Benefit Terms***

At July 1, 2020 (the census date), the benefit terms covered the following employees:

Retirees and survivors currently receiving benefits	54
Active employees	<u>212</u>
Total	<u><u>266</u></u>

***Contributions***

The Actuarially Determined Contribution (ADC) consists of two basic components, which have been adjusted with interest to the Authority's fiscal year-end:

- The amounts attributed to service performed in the current fiscal year (the normal cost) and
- Amortization of the unfunded actuarial accrued liability (UAAL).

The development of the ADC reflects the assumption that the Authority will contribute at least 100% of this amount each year, with contributions comprising of direct payments to insurers toward retiree premiums, each current year's implicit subsidy, and contributions to the OPEB trust.

**B. Net OPEB Liability**

The Authority's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019.



**NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)** (Continued)**B. Net OPEB Liability** (Continued)***Actuarial Assumptions***

The total OPEB liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2020
Valuation Date	June 30, 2019
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Fair value of assets
Long-Term Return on Assets	5.10%
Discount Rate	5.10%
Participants Valued	Only current active employees, retired participants, and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.25% per year, used only to allocate the cost of benefits between service years
Assumed Increase for Amortization Payments	3.0% per year where determined on a percent of pay basis
General Inflation Rate	2.75% per year

*Demographic actuarial assumptions used in this valuation are based on the 2017 experience study of the CalPERS using data from 1997 to 2015, except for a different basis used to project future mortality improvements. Mortality rates used were the CalPERS published rates, adjusted to back out 15 years of Scale MP 2016 to central year 2015.*

Mortality	MacLeod Watts Scale 2018 applied generationally from 2015.
Healthcare Trend	Medical plan premiums and claims costs by age are assumed to increase once each year. Increases over the prior year's level are assumed to be effective on the dates shown below. The required PEMHCA minimum employer contribution (MEC) is assumed to increase by 4.0% annually.

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2020	7.00%	2023	5.50%
2021	6.50%	2024	5.00%
2022	6.00%	2025 & later	5.00%

**NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)** (Continued)**B. Net OPEB Liability** (Continued)**Actuarial Assumptions** (Continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity - Large Cap Funds	15.50%	6.70%
Equity - Mid Cap Funds	3.00%	7.00%
Equity - Small Cap Funds	4.50%	7.90%
Equity - Real Estate	1.00%	5.70%
Equity - International	4.00%	7.30%
Equity - Emerging Markets	2.00%	9.70%
Fixed Income - Short Term Bond	14.00%	3.80%
Fixed Income - Intermediate Term Bond	49.25%	4.60%
Fixed Income - High Yield	1.75%	6.00%
Alternatives	-	4.40%
Cash Equivalents	5.00%	2.10%
Total	100.00%	

**Annual Money-Weighted Return**

For the fiscal year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expenses, was 11.76%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 5.10%. The projection of cash flows used to determine the discount rate assumed that the Authority contribution will be made at rates equal to the ADC rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

**NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)** (Continued)**B. Net OPEB Liability** (Continued)***Changes in the Net OPEB Liability***

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2020 <i>Measurement Date June 30, 2019</i>	\$ 7,072,609	\$ 3,990,303	\$ 3,082,306
Changes in the Year:			
Service Cost	318,449	-	318,449
Interest	369,885	-	369,885
Expected Investment Income	-	209,951	(209,951)
Employer Contributions	-	529,577	(529,577)
Benefit Payments	(276,823)	(276,823)	-
Assumption Changes	-	-	-
Plan Experience	-	-	-
Investment Experience	-	5,922	(5,922)
Net Changes	411,511	468,627	(57,116)
Balance at June 30, 2021 <i>Measurement Date June 30, 2020</i>	\$ 7,484,120	\$ 4,458,930	\$ 3,025,190

***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate***

The net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.10%) or one percentage point higher (6.10%), follows:

	1% Decrease 4.10%	Discount Rate 5.10%	1% Increase 6.10%
Net OPEB Liability	\$ 3,892,529	\$ 3,025,190	\$ 2,297,638

***Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using Healthcare Cost Trend Rates that are one percentage point lower (5.50%) or one percentage point higher (7.50%) than current healthcare cost trend rates, follows:

	1% Decrease 5.50% Decreasing to 4.00%	Discount Rate 6.50% Decreasing to 5.00%	1% Increase 7.50% Decreasing to 6.00%
Net OPEB Liability	\$ 2,513,106	\$ 3,025,190	\$ 3,743,191

**NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)** (Continued)**B. Net OPEB Liability** (Continued)**OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB**

For the fiscal year ended June 30, 2021, the Authority recognized an OPEB expense of \$554,446. At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 146,814	\$ 440,829
Differences Between Expected and Actual Experience	-	1,591,861
Net Difference Between Projected and Actual Earnings on Investments	10,496	-
Contributions Made Subsequent to the Measurement Date	<u>546,415</u>	<u>-</u>
Total	<u>\$ 703,725</u>	<u>\$ 2,032,690</u>

The \$546,415 reported as a deferred outflow of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction to the net OPEB liability during the fiscal year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related OPEB expenses will be recognized as follows:

<u>For the Fiscal Year Ending June 30,</u>	<u>Recognized Net Deferred Outflows (Inflows) of Resources</u>
2022	\$ (486,416)
2023	(492,202)
2024	(509,090)
2025	(227,458)
2026	<u>(160,214)</u>
Total	<u>\$ (1,875,380)</u>

**NOTE 12 – CHANGES IN LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities at June 30, 2021, follows:

	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2021</u>	<u>Due Within One Year</u>
Self-Insurance Liabilities	\$ 2,013,320	\$ 1,694,708	\$ 1,830,172	\$ 1,877,856	\$ 1,296,078
Compensated Absences	1,429,036	967,442	887,892	1,508,586	950,521
Totals	<u>\$ 3,442,356</u>	<u>\$ 2,662,150</u>	<u>\$ 2,718,064</u>	<u>\$ 3,386,442</u>	<u>\$ 2,246,599</u>

**NOTE 13 – TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS**

The Authority received TDA funds under Articles 4 and 4.5 (two subsections: 99260(a) and 99275) of the California Public Utilities Code for the fiscal year ended June 30, 2021. TDA funds received pursuant to these Sections of the California Public Utilities Code may be used for public transportation services and community transit services, respectively. According to the underlying TDA allocation instructions issued by the MTC, eligible costs must be incurred on or before June 30 of the fiscal year for which funds are allocated. Unused portions must revert back to the County's Local Transportation Fund (LTF).

A summary of LTF allocations, corresponding expenses, and portion to be returned to the County's LTF as of the fiscal year ended June 30 follows:

LTF Allocations for Public Transportation Services:	
99260(a)	\$ 21,522,389
Less: applicable expenses	<u>(17,081,199)</u>
Unused portion to revert back to (balance due to) the County's LTF (Current Year)	<u>4,441,190</u>
Prior year unused portion not returned	<u>9,489,536</u>
Total Unused Portion to Revert Back to the County's LTF	<u><u>\$ 13,930,726</u></u>
LTF Allocations for Community Transit Services:	
99275 and 99260(a)	\$ 590,837
Less: applicable expenses	<u>(590,837)</u>
Unused portion to revert back to the County's LTF	<u>-</u>
Total Due Back to the County's LTF	<u><u>\$ 13,930,726</u></u>

**NOTE 14 – EMPLOYEE BENEFITS – DEFERRED COMPENSATION PLAN**

Employees of the Authority may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code (IRC) Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the Authority. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. Employees are allowed loans under the IRC Section 457 rules.

The deferred compensation plan is administered by an unrelated financial institution. Under the terms of IRC Section 457 Deferred Compensation Plans, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the employee.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY**  
**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND**  
**RELATED RATIOS**  
**AS OF JUNE 30, 2021**  
**LAST 10 FISCAL YEARS\***

Measurement Period	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<b>Total Pension Liability</b>			
Service Cost	\$ 2,334,896	\$ 2,340,898	\$ 2,257,838
Interest on Total Pension Liability	7,294,049	6,932,405	6,570,234
Changes of Benefit Terms	-	-	-
Changes of Assumptions	-	-	(660,476)
Differences between Expected and Actual Experience	(68,868)	25,006	(932,669)
Benefit Payments, Including Refunds of Employee Contributions	<u>(4,440,542)</u>	<u>(3,846,430)</u>	<u>(3,812,132)</u>
Net Change in Total Pension Liability	5,119,535	5,451,879	3,422,795
Total Pension Liability - Beginning	<u>103,136,355</u>	<u>97,684,476</u>	<u>94,261,681</u>
Total Pension Liability - Ending (a)	<u><u>\$ 108,255,890</u></u>	<u><u>\$ 103,136,355</u></u>	<u><u>\$ 97,684,476</u></u>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 1,590,639	\$ 1,424,384	\$ 1,158,215
Contributions - Employee (Paid by Employer)	408,586	449,362	586,800
Contributions - Employee	690,196	596,997	470,086
Net Investment Income	4,664,610	5,804,423	6,979,197
Benefit Payments, Including Refunds of Employee Contributions	(4,440,542)	(3,846,430)	(3,812,132)
Administrative Expenses	(131,892)	(63,649)	(131,190)
Other Miscellaneous Income/(Expense)**	<u>-</u>	<u>207</u>	<u>(249,340)</u>
Net Change in Plan Fiduciary Net Position	2,781,597	4,365,294	5,001,636
Plan Fiduciary Net Position - Beginning***	<u>93,556,444</u>	<u>89,191,150</u>	<u>84,189,514</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 96,338,041</u></u>	<u><u>\$ 93,556,444</u></u>	<u><u>\$ 89,191,150</u></u>
Net Pension Liability [(a) - (b)]	<u><u>\$ 11,917,849</u></u>	<u><u>\$ 9,579,911</u></u>	<u><u>\$ 8,493,326</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.99%	90.71%	91.31%
Covered Payroll****	\$ 15,073,568	\$ 15,239,229	\$ 14,673,672
Net Pension Liability as a Percentage of Covered Payroll	79.06%	62.86%	57.88%

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY**  
**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND**  
**RELATED RATIOS (Continued)**  
**AS OF JUNE 30, 2021**  
**LAST 10 FISCAL YEARS\***

Measurement Period	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
<b>Total Pension Liability</b>				
Service Cost	\$ 2,337,306	\$ 1,945,766	\$ 1,918,011	\$ 1,994,470
Interest on Total Pension Liability	6,322,423	6,022,970	5,722,716	5,409,869
Changes of Benefit Terms	-	-	-	-
Changes of Assumptions	5,271,395	-	(1,429,806)	-
Differences between Expected and Actual Experience	(516,597)	(800,944)	(576,058)	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(3,309,790)</u>	<u>(3,141,095)</u>	<u>(2,716,414)</u>	<u>(2,653,773)</u>
Net Change in Total Pension Liability	10,104,737	4,026,697	2,918,449	4,750,566
Total Pension Liability - Beginning	<u>84,156,944</u>	<u>80,130,247</u>	<u>77,211,798</u>	<u>72,461,232</u>
Total Pension Liability - Ending (a)	<u><u>\$ 94,261,681</u></u>	<u><u>\$ 84,156,944</u></u>	<u><u>\$ 80,130,247</u></u>	<u><u>\$ 77,211,798</u></u>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 1,070,201	\$ 1,272,683	\$ 947,246	\$ 917,689
Contributions - Employer (Paid by Employer)	527,557	491,555	432,811	509,838
Contributions - Employee	469,913	506,311	515,306	447,265
Net Investment Income	8,507,531	460,130	1,698,644	11,507,514
Benefit Payments, Including Refunds of Employee Contributions	(3,309,790)	(3,141,095)	(2,716,414)	(2,653,773)
Administrative Expenses	(113,741)	(47,229)	(87,217)	-
Other Miscellaneous Income/(Expense)**	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	7,151,671	(457,645)	790,376	10,728,533
Plan Fiduciary Net Position - Beginning***	<u>77,037,843</u>	<u>77,495,488</u>	<u>76,705,112</u>	<u>65,976,579</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 84,189,514</u></u>	<u><u>\$ 77,037,843</u></u>	<u><u>\$ 77,495,488</u></u>	<u><u>\$ 76,705,112</u></u>
Net Pension Liability [(a) - (b)]	<u><u>\$ 10,072,167</u></u>	<u><u>\$ 7,119,101</u></u>	<u><u>\$ 2,634,759</u></u>	<u><u>\$ 506,686</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.31%	91.54%	96.71%	99.34%
Covered Payroll****	\$ 14,786,527	\$ 13,915,228	\$ 13,613,535	\$ 13,553,073
Net Pension Liability as a Percentage of Covered Payroll	68.12%	51.16%	19.35%	3.74%



**CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND  
RELATED RATIOS (Continued)  
AS OF JUNE 30, 2021  
LAST 10 FISCAL YEARS\***

**Notes to Schedule:**

\* When information is available, the required 10 years will be shown.

\*\* During fiscal year 2017-18, as a result of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions* (GASB 75), California Public Employees Retirement System (CalPERS) reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and, during fiscal year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68).

\*\*\* Includes any beginning of year adjustment.

\*\*\*\* Covered Payroll represented above is based on pensionable earnings provided by the employer. Payroll was assumed to increase by the 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-19; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.

**Benefit changes:** The figures do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2019 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

**Changes of assumptions:** None in 2019 or 2020. In 2018, demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF INVESTMENT RETURNS – PENSION  
AS OF JUNE 30, 2021  
LAST 10 FISCAL YEARS\***

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	
Annual Money-Weighted Rate of Return, Net of Investment Expense	5.0%	6.5%	8.4%	
	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	11.2%	0.5%	2.2%	17.7%

**Note to Schedule:**

\* When information is available, the required 10 years will be shown.

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY**  
**AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN**  
**SCHEDULE OF CONTRIBUTIONS – PENSION**  
**AS OF JUNE 30, 2021**  
**LAST 10 FISCAL YEARS\***

Fiscal Year Ended June 30	<u>2020</u>	<u>2019</u>	<u>2018</u>	
Actuarially Determined Contributions	\$ 1,590,639	\$ 1,424,384	\$ 1,158,215	
Contributions in Relation to the Actuarially Determined Contributions	<u>(1,590,639)</u>	<u>(1,424,384)</u>	<u>(1,158,215)</u>	
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered Payroll**	\$ 15,073,568	\$ 15,239,229	\$ 14,673,672	
Contributions as a Percentage of Covered Payroll	10.55%	9.35%	7.89%	
Fiscal Year Ended June 30	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contributions	\$ 1,070,201	\$ 1,272,683	\$ 947,246	\$ 917,689
Contributions in Relation to the Actuarially Determined Contributions	<u>(1,070,201)</u>	<u>(1,272,683)</u>	<u>(947,246)</u>	<u>(917,689)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll**	\$ 14,786,527	\$ 13,915,228	\$ 13,613,535	\$ 13,553,073
Contributions as a Percentage of Covered Payroll	7.24%	9.15%	6.96%	6.77%

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF CONTRIBUTIONS – PENSION (Continued)  
AS OF JUNE 30, 2021  
LAST 10 FISCAL YEARS\***

**Notes to Schedule:**

\* When information is available, the required 10 years will be shown.

\*\* Covered Payroll represented above is based on pensionable earnings provided by the employer. Payroll was assumed to increase by the 2.875 percent payroll growth assumption for fiscal years ended June 30, 2018-19; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year June 30, 2020 were derived from the June 30, 2017 funding valuation report. Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Valuation date: June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll
Asset valuation method	Fair Value of Assets. CalPERS employs a policy that amortizes all gains and losses over a fixed 30-year period. The increase or decrease in the rate is then spread directly over a 5-year period. This method is referred to as "direct rate smoothing."
Inflation	2.625%
Projected salary increases	Varies by entry age and service.
Payroll growth	2.875%
Investment rate of return	7.25% (Net of Pension Plan Investment and Administrative Expenses; includes Inflation)
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
SINGLE-EMPLOYER DEFINED BENEFIT PLAN  
SCHEDULE OF CHANGES IN THE NET OTHER POSTEMPLOYMENT  
BENEFITS (OPEB) LIABILITY AND RELATED RATIOS  
JUNE 30, 2021  
LAST 10 FISCAL YEARS\***

Measurement Period	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
<b>Total OPEB Liability</b>				
Service Cost	\$ 318,449	\$ 331,211	\$ 320,785	\$ 350,850
Interest on the Total OPEB Liability	369,885	406,509	385,114	482,126
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	-	(1,357,116)	-	(1,408,629)
Changes in Assumptions	-	205,894	-	(994,873)
Benefit Payments	<u>(276,823)</u>	<u>(306,893)</u>	<u>(286,733)</u>	<u>(316,489)</u>
Net Change in Total OPEB Liability	411,511	(720,395)	419,166	(1,887,015)
Total OPEB Liability - Beginning	<u>7,072,609</u>	<u>7,793,004</u>	<u>7,373,838</u>	<u>9,260,853</u>
Total OPEB Liability - Ending (a)	<u><u>\$ 7,484,120</u></u>	<u><u>\$ 7,072,609</u></u>	<u><u>\$ 7,793,004</u></u>	<u><u>\$ 7,373,838</u></u>
<b>OPEB Plan Fiduciary Net Position</b>				
Net Investment Income	\$ 215,873	\$ 224,930	\$ 80,538	\$ 111,685
Contributions - Employer	529,577	606,839	588,345	748,139
Benefit Payments	(276,823)	(306,893)	(286,733)	(316,489)
Administrative Expenses	<u>-</u>	<u>-</u>	<u>(1,550)</u>	<u>-</u>
Net Change in OPEB Plan Fiduciary Net Position	468,627	524,876	380,600	543,335
OPEB Plan Fiduciary Net Position - Beginning	<u>3,990,303</u>	<u>3,465,427</u>	<u>3,084,827</u>	<u>2,541,492</u>
OPEB Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 4,458,930</u></u>	<u><u>\$ 3,990,303</u></u>	<u><u>\$ 3,465,427</u></u>	<u><u>\$ 3,084,827</u></u>
Net OPEB Liability [(a) - (b)]	<u><u>\$ 3,025,190</u></u>	<u><u>\$ 3,082,306</u></u>	<u><u>\$ 4,327,577</u></u>	<u><u>\$ 4,289,011</u></u>
OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	59.58%	56.42%	44.47%	41.83%
Covered Payroll	\$ 15,543,046	\$ 15,503,972	\$ 14,836,604	\$ 12,531,658
Net OPEB Liability as a Percentage of Covered Payroll	19.46%	19.88%	29.17%	34.23%

**Notes to Schedule:**

\* When information is available, the required 10 years will be shown.

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
SINGLE-EMPLOYER DEFINED BENEFIT PLAN  
SCHEDULE OF INVESTMENT RETURNS – OPEB  
JUNE 30, 2021  
LAST 10 YEARS\***

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	11.76%	6.23%	7.16%	9.38%

**Notes to Schedule:**

\* When information is available, the required 10 years will be shown.

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
SINGLE-EMPLOYER DEFINED BENEFIT PLAN  
SCHEDULE OF CONTRIBUTIONS – OPEB  
JUNE 30, 2021  
LAST 10 FISCAL YEARS\***

Fiscal Year Ended June 30	2021	2020	2019	2018	2017
Actuarially Determined Contributions	\$ 545,410	\$ 529,577	\$ 606,839	\$ 588,345	\$ 748,139
Contributions in Relation to the Actuarially Determined Contributions	(546,415)	(529,577)	(606,839)	(588,345)	(748,139)
Contribution Deficiency (Excess)	\$ (1,005)	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 14,326,765	\$ 16,007,851	\$ 15,503,972	\$ 14,836,604	\$ 12,531,658
Contributions as a Percentage of Covered Payroll	3.81%	3.31%	3.91%	3.97%	5.97%

**Notes to Schedule:**

\* When information is available, the required 10 years will be shown.

The actuarial methods and assumptions used to set the actuarially determined contributions for the Authority's fiscal years ending June 30, 2020 and June 30, 2021 were from the June 30, 2019 valuation.

Valuation Date                      June 30, 2019

Methods and assumptions used to determine contribution rates:

Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Long-Term Return on Assets	5.10%
Discount Rate	5.10%
Participants Valued	Only current active employees, retired participants, and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.25% per year, used only to allocate the cost of benefits between service years
Assumed Increase for Amortization Payments	3.0% per year
General Inflation Rate	2.75% per year

*Demographic actuarial assumptions used in this valuation are based on the 2017 experience study of the CalPERS using data from 1997 to 2015, except for a different basis used to project future mortality improvements. Rates for selected age and service are shown in the July 1, 2018 funding valuation. The representative mortality rates were the published CalPERS rates, adjusted to back out 15 years of Scale MP 2016 to central year 2015.*

Mortality                              MacLeod Watts Scale 2018 applied generationally from 2015.

## **SUPPLEMENTARY SCHEDULE AND OTHER REPORTS**



**CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Federal Grantor/Project Number/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Identification Number</u>	<u>Passed- Through To Subrecipients</u>	<u>Grant Expenditures</u>
Direct Programs:				
Federal Transit Administration (FTA)				
U.S. Department of Transportation				
Federal Transit Formula Grants	20.507			
COVID-19 Grant CA-2020-125-00 - 5307 CARES Act				
Grant - Operating Assistance			\$ -	\$ 1,358,665
Grant CA-2020-233-00 - FY 20 5307 Formula Grant			-	1,045,934
Grant CA-2017-034-00 - FY 17 5307 Formula Grant			-	93,828
Grant CA-2016-013-00 - FY 15 Projects - Access and Planning Software			-	18,186
Total Federal Transit Formula Grants - Direct Programs			-	2,516,613
Total Expenditures of Federal Awards			\$ -	\$ 2,516,613

See accompanying notes to schedule of expenditures of federal awards.

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2021**

**NOTE 1 – GENERAL**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal financial assistance programs of the Central Contra Costa Transit Authority (the Authority). Federal financial assistance is received directly from the Federal Transit Administration (FTA) and is included on the SEFA.

**NOTE 2 – BASIS OF ACCOUNTING**

The accompanying SEFA has been prepared on the accrual basis of accounting. Federal capital grant funds are used to purchase property, plant, and equipment. Federal grants receivable are included in capital and operating grants receivable, which also includes receivables from state and local grant sources. The information in the SEFA is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**NOTE 3 – INDIRECT COST RATE**

The Authority did not elect to use the 10 percent de minimis indirect cost rate as covered in 2 CFR §200.414.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Administration and Finance Committee and Board of Directors  
 Central Contra Costa Transit Authority  
 Concord, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the Central Contra Costa Transit Authority (the Authority) as of and for the fiscal year ended June 30, 2021, and related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 7, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2021-002 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompany schedule of findings and questioned costs as item 2021-001 to be a significant deficiency.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

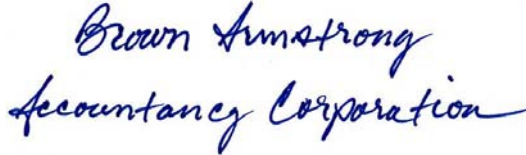
## **The Authority's Response to Findings**

The Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong" on the first line and "Accountancy Corporation" on the second line, written in a cursive style.

Stockton, California  
February 7, 2022

## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

To the Administration and Finance Committee and Board of Directors  
 Central Contra Costa Transit Authority  
 Concord, California

### Report on Compliance with Transportation Development Act Requirements

We have audited the Central Contra Costa Transit Authority's (the Authority) compliance with Transportation Development Act (TDA) requirements that funds allocated to and received by the Authority were expended in conformance with applicable statutes, rules, and regulations of the TDA and the allocation instructions and resolutions of the Metropolitan Transportation Commission as required by Section 6667 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations during the year ended June 30, 2021.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the applicable statutes, rules, and regulations of the TDA.

### Auditor's Responsibility

Our responsibility is to express an opinion on each of the Authority's compliance requirements referred to in Section 6667, which requires that, for a transit claimant, the independent auditor will perform at least the following tasks:

- (a) Determine whether the claimant was an entity eligible to receive the funds allocated to it;
- (b) Determine whether the claimant is maintaining its accounts and records on an enterprise fund basis and is otherwise in compliance with the uniform system of accounts and records adopted by the State Controller, pursuant to Public Utilities Code Section 99234;
- (c) Determine whether the funds received by the claimant pursuant to the TDA were expended in conformance with those sections of the TDA specifying the qualifying purposes, including Public Utilities Code Sections 99262 and 99263 for operators receiving funds under Article 4; Sections 99275, 99275.5, and 99277 for Article 4.5 claimants; Section 99400(c), (d), and (e) for Article 8 claimants for service provided under contract; and Section 99405(d) for transportation services provided by cities and counties with populations of less than 5,000;
- (d) Determine whether the funds received by the claimant pursuant to the TDA were expended in conformance with the applicable rules, regulations, and procedures of the transportation planning agency and in compliance with the allocation instructions and resolutions;
- (e) Determine whether interest earned on funds received by the claimant, pursuant to the TDA, were expended only for those purposes for which the funds were allocated in accordance with Public Utilities Code Sections 99234.1, 99301, 99301.5, and 99301.6;
- (f) Verify the amount of the claimant's operating cost for the fiscal year, the amount of fare revenues required to meet the ratios specified in Sections 6633.2 and 6633.5, and the amount of the sum of fare revenues and local support required to meet the ratios specified in the Section 6633.2;

- (g) Verify the amount of the claimant's actual fare revenues for the fiscal year;
- (h) Verify the amount of the claimant's actual local support for the fiscal year;
- (i) Verify the amount of the claimant was eligible to receive under the TDA during the fiscal year in accordance with Sections 6634 and 6649;
- (j) Verify, if applicable, the amount of the operator's expenditure limitation in accordance with Section 6633.1;
- (k) In the case of an operator, determine whether the operator's employee retirement system or private pension plan is in conformance with the provisions of Public Utilities Code Sections 99271, 99272, and 99273;
- (l) In the case of an operator, determine whether the operator has had a certification by the Department of the California Highway Patrol verifying that the operator is in compliance with Section 1808.1 of the Vehicle Code, as required in Public Utilities Code Section 99251;
- (m) In the case of an operator, verify, if applicable, its State Transit Assistance eligibility pursuant to Public Utilities Code Section 99314.6 or 99314.7; and
- (n) In the case of a claimant for community transit services, determine whether it is in compliance with Public Utilities Code Sections 99155 and 99155.5.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the requirements referred to above. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance requirements referred to above. However, our audit does not provide a legal determination of the Authority's compliance.

#### **Report on Public Transportation Modernization, Improvement, and Service Enhancement Account**

Also, as part of our audit, we performed tests of compliance to determine whether certain state funds were received and expended in accordance with the applicable bond act and state accounting requirements.

In November 2006, California voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B). Of the \$19.925 billion of state general obligation bonds authorized, \$4 billion was set aside by the State as instructed by the statute as the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA).

Additionally, Section 8879.23 (h) directs that \$1 billion dollars be deposited in the Transit System Safety, Security, and Disaster Response Account. This section further directs that \$100 million dollars be made available upon appropriation by the legislature to entities for eligible transit system safety, security, and disaster response projects. These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety, or modernization improvements; capital service enhancements or expansions; new capital projects; bus rapid transit improvements; or for rolling stock procurement, rehabilitation, or replacement.

As of June 30, 2021, all Proposition 1B funds received and expended were verified in the course of our current audit as follows:

Balance – beginning of the year	\$ 2,776,675
Proceeds received:	
PTMISEA	-
Interest earned	15,329
Expenses incurred:	
Rolling stock replacement, facility rehab, and lifeline bus stop	<u>267,358</u>
Unexpended proceeds, June 30, 2021	<u><u>\$ 2,524,646</u></u>

### Opinion on Compliance

In our opinion, the Authority, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the compliance requirements referred above for the fiscal year ended June 30, 2021.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Stockton, California  
February 7, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Administration and Finance Committee and Board of Directors  
Central Contra Costa Transit Authority  
Concord, California

**Report on Compliance for Each Major Federal Program**

We have audited the Central Contra Costa Transit Authority's (the Authority) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the fiscal year ended June 30, 2021. The Authority's major federal programs are identified in the summary of auditor's result section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Authority's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2021.



## Report on Internal Control Over Compliance

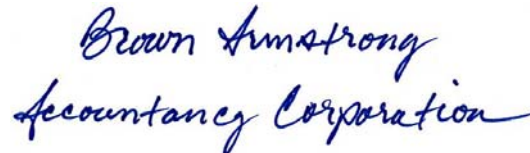
Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong" on the first line and "Accountancy Corporation" on the second line, written in a cursive style.

Stockton, California  
February 7, 2022

## **STATISTICAL SECTION**

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**JUNE 30, 2021**  
**LAST 10 FISCAL YEARS\***

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Operating Revenues										
Passenger fares	\$ 1,348,037	\$ 3,043,712	\$ 3,383,189	\$ 3,221,580	\$ 3,275,964	\$ 3,549,944	\$ 3,759,432	\$ 3,935,630	\$ 4,057,759	\$ 4,040,761
Special transit fares	350,308	1,652,117	1,833,494	1,635,867	1,480,747	1,440,678	1,386,527	1,169,473	1,061,609	949,720
<b>Total Operating Revenues</b>	<b>1,698,345</b>	<b>4,695,829</b>	<b>5,216,683</b>	<b>4,857,447</b>	<b>4,756,711</b>	<b>4,990,622</b>	<b>5,145,959</b>	<b>5,105,103</b>	<b>5,119,368</b>	<b>4,990,481</b>
Operating Expenses										
Salaries and benefits	24,128,547	25,322,594	25,441,759	24,101,090	23,779,117	22,863,358	20,582,768	20,883,813	19,427,193	18,832,831
Materials and supplies	2,289,007	2,468,857	2,777,883	2,529,044	2,118,404	2,273,864	2,761,506	3,136,172	3,137,777	3,206,531
Services	1,746,263	1,869,379	1,933,459	1,744,973	1,751,238	1,697,825	1,775,371	1,933,534	1,876,033	1,573,363
Purchased transportation	6,072,093	6,544,224	6,211,639	5,561,256	5,309,756	5,458,921	5,151,072	5,206,741	5,044,664	5,191,808
Insurance	957,458	790,287	763,534	722,556	676,984	685,551	627,088	740,595	381,485	415,417
Other	73,552	147,590	189,045	202,460	210,422	305,691	312,727	286,464	312,151	113,187
Utilities	348,434	365,131	366,642	356,151	320,063	284,645	256,395	284,788	304,463	233,889
Taxes	228,805	237,192	217,950	226,116	184,435	193,913	250,077	325,316	319,107	293,854
Leases and rentals	60,409	60,444	53,508	42,499	48,466	44,983	40,454	36,402	38,175	35,977
Defined benefit pension adjustment	1,445,493	2,120,710	642,776	1,807,421	(17,761)	(1,169,716)	-	-	-	-
Other postemployment benefits (OPEB) adjustment	(554,446)	(461,471)	(376,320)	(224,832)	-	-	-	-	-	-
Depreciation	7,197,115	7,499,707	7,511,790	6,186,320	5,363,010	5,294,062	5,388,083	5,374,167	5,270,234	5,132,487
<b>Total Operating Expenses</b>	<b>43,992,730</b>	<b>46,964,644</b>	<b>45,733,665</b>	<b>43,255,054</b>	<b>39,744,134</b>	<b>37,933,097</b>	<b>37,145,541</b>	<b>38,207,992</b>	<b>36,111,282</b>	<b>35,029,344</b>
<b>Operating Loss</b>	<b>(42,294,385)</b>	<b>(42,268,815)</b>	<b>(40,516,982)</b>	<b>(38,397,607)</b>	<b>(34,987,423)</b>	<b>(32,942,475)</b>	<b>(31,999,582)</b>	<b>(33,102,889)</b>	<b>(30,991,914)</b>	<b>(30,038,863)</b>
Nonoperating Revenues										
Federal operating assistance <sup>(b)</sup>	2,371,121	8,339,542	1,703,403	1,655,674	1,002,950	2,237,709	1,376,873	1,881,018	2,699,912	3,939,169
State and local operating assistance	31,591,217	23,943,345	30,136,010	27,996,289	27,891,975	25,713,041	25,324,446	25,117,180	22,293,230	20,280,117
Advertising revenue	95,263	479,408	618,416	615,631	608,420	599,100	586,768	579,738	574,912	537,546
Interest income	36,814	268,607	253,675	118,161	38,789	40,642	15,307	14,602	16,340	14,988
Other revenue	84,977	78,968	102,245	108,077	83,538	82,784	93,083	91,313	85,865	100,627
Interest expense	-	-	-	-	-	-	-	-	-	-
Gain (Loss) on sale of capital assets	26,883	-	(6,944)	211,840	14,479	135,603	3,706	(44,703)	8,340	12,631
<b>Total Nonoperating Revenues</b>	<b>34,206,275</b>	<b>33,109,870</b>	<b>32,806,805</b>	<b>30,705,672</b>	<b>29,640,151</b>	<b>28,808,879</b>	<b>27,400,183</b>	<b>27,639,148</b>	<b>25,678,599</b>	<b>24,885,078</b>
<b>Net Loss Before Capital Contributions</b>	<b>(8,088,110)</b>	<b>(9,158,945)</b>	<b>(7,710,177)</b>	<b>(7,691,935)</b>	<b>(5,347,272)</b>	<b>(4,133,596)</b>	<b>(4,599,399)</b>	<b>(5,463,741)</b>	<b>(5,313,315)</b>	<b>(5,153,785)</b>
Capital Contributions										
Grants restricted for capital expenses (Note 3)	420,944	968,706	7,088,596	2,850,624	19,010,487	17,447,423	2,935,527	4,967,261	6,218,439	4,354,568
<b>Prior Period Adjustment <sup>(a)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,971,222)</b>	<b>-</b>	<b>-</b>	<b>(5,057,126)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase (Decrease) in Net Position</b>	<b>(7,667,166)</b>	<b>(8,190,239)</b>	<b>(621,581)</b>	<b>(10,812,533)</b>	<b>13,663,215</b>	<b>13,313,827</b>	<b>(6,720,998)</b>	<b>(496,480)</b>	<b>905,124</b>	<b>(799,217)</b>
<b>Beginning Net Position, as Restated</b>	<b>36,835,762</b>	<b>45,026,001</b>	<b>45,647,582</b>	<b>56,460,115</b>	<b>42,796,900</b>	<b>29,483,073</b>	<b>36,204,071</b>	<b>36,700,551</b>	<b>35,795,427</b>	<b>36,594,644</b>
<b>Ending Net Position, as Restated</b>	<b>\$ 29,168,596</b>	<b>\$ 36,835,762</b>	<b>\$ 45,026,001</b>	<b>\$ 45,647,582</b>	<b>\$ 56,460,115</b>	<b>\$ 42,796,900</b>	<b>\$ 29,483,073</b>	<b>\$ 36,204,071</b>	<b>\$ 36,700,551</b>	<b>\$ 35,795,427</b>

<sup>(a)</sup> Prior Period adjustments:  
FY 2018 was implementation of GASB Statement No. 75 for Other Postemployment Benefits.  
FY 2015 was implementation of GASB Statement No. 68 for Pension Benefits.

<sup>(b)</sup> Federal operating assistance includes \$1,358,665 and \$6,911,064 in FTA CARES Act funds in FY 2021 and FY 2020, respectively.

## **FINDINGS AND QUESTIONED COSTS SECTION**

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2021**

Section I – Summary of Auditor's Results

A. Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Deficiencies or significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

B. Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Deficiencies or significant deficiencies identified not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No

C. Identification of Major Programs

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
Assistance Listing Number 20.507	Federal Transit Formula Grants
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

## Section II – Financial Statement Audit Findings and Questioned Costs

### **Finding 2021 – 001 – Inventory Count Errors and Obsolete Inventory**

#### Condition

During our observation of the inventory count, we noted inventory count differences in comparison to the final inventory count recorded in the Authority's inventory system which is then adjusted in its general ledger system. We also noted data input errors and identified obsolete inventory was not removed from the inventory system. Due to COVID-19, the Authority used less staff to perform the count, due to following the recommended guidance from the Centers for Disease Control and Prevention (CDC) to maintain social distancing. Also, the Authority had turnover in key personnel who managed and assisted in prior inventory counts. The combination of both these factors affected the accuracy of the inventory count.

#### Criteria

*Government Accounting Standards* requires entities to establish adequate controls over inventory counts for accurate financial reporting of inventory balances and adjusted for obsolete inventory in the fiscal year it is identified.

#### Cause of Condition

The Authority lacked proper oversight over the inventory counts and over the data entry process, due to recent turnover in key personnel. In addition, the policies for proper disposal of obsolete inventory were not properly implemented.

#### Potential Effect of Condition

The error in reporting inventory may cause an overstatement or understatement of assets and could affect the income statement. The misstatement can affect more than one reporting period. Due to the nature of the inventory as it is held for parts and the amount of the inventory in relation to the financial statements, the probability of the error being material is low.

#### Recommendation

We recommend, due to staff turnover, the Authority review and revise the inventory count procedures to include review procedures of the final inventory count and data entry procedures to ensure completeness before submitting final counts for record keeping. These procedures are recommended to increase oversight over the inventory count to ensure that the inventory count policies and procedures are followed. In addition, we recommend the Authority dispose of obsolete inventory by physically removing the item from the warehouse and inventory account. The obsolete inventory should be written off as it is disposed.

#### Management Response

Authority management agrees to the recommendation and will continue to review and revise its inventory count policies and procedures.

### **Finding 2021 – 002 – CARES Act Federal Operating Assistance**

#### Condition

During our review of the Schedule of Expenditures of Federal Awards (SEFA), we noted the Authority did not accrue for the CARES Act Revenues awarded to recognize revenue that had been earned in the fiscal year for eligible costs incurred during the fiscal year. This accrual was subsequently recorded.

Criteria

Grant receivable and corresponding grant revenue should be recorded once grant award/agreement is approved and executed and eligible project costs have been incurred.

Cause of Condition

Due to the Authority's turnover in the positions in charge of preparing the Financial Statements, there was a lack of internal control over recordkeeping of CARES Act Grant Revenue.

Potential Effect of Condition

The Authority's Financial Statements were initially materially misstated due to not accruing the CARES Act Revenue.

Recommendation

We recommend that the Authority should ensure there is adequate staff over the year-end closing process to ensure a reconciliation is done to ensure all eligible costs incurred and revenue earned that has not been received has been accrued at year-end.

Management Response

Authority Management agrees to the recommendation and will review and revise its SEFA and Financial Statement preparation procedures.

Section III – Federal Awards Findings and Questioned Costs

None.

Section IV – Summary of Prior Audit (June 30, 2020) Findings and Current Year Status

**Finding 2020 – 001 – Inventory Count Errors and Obsolete Inventory**

Condition

During our observation of the inventory count, we noted inventory count differences in comparison to the final inventory count recorded in the Authority's inventory system which is then adjusted in its general ledger system. We also noted data input errors and obsolete inventory not being removed from the inventory system. Due to COVID-19, the Authority was required to use minimal amount of staff in performing the count as recommended by Centers for Disease Control and Prevention (CDC) to maintain social distancing. Also, the Authority had turnover in key personnel who managed and assisted in prior inventory counts. The combination of both these factors affected the accuracy of the inventory count.

Criteria

*Government Accounting Standards* requires entities to establish controls over financial reporting for inventory count accuracy. The entity must recognize the cost associated with obsolete inventory fully in the period in which they are identified.

Cause of Condition

During the inventory count, there was a lack of oversight in accurate reporting of the inventory count and/or data entry review process to ensure the accuracy of the final count. In addition, the policies for proper disposal of obsolete inventory were not properly implemented.

#### Potential Effect of Condition

The error in reporting inventory may cause an overstatement or understatement of assets and could adversely affect the income statement. The misstatement can affect more than one reporting period.

#### Recommendation

We recommend, due to staff turnover, the Authority review and revise the inventory count procedures to include review procedures of the final inventory count and data entry procedures to ensure completeness before submitting final counts for record keeping. These procedures are recommended to increase oversight over the inventory count to ensure that the inventory count policies and procedures are followed. In addition, we recommend the Authority dispose of obsolete inventory by physically removing the item from the warehouse and inventory account. The obsolete inventory should be written off as it is disposed.

#### Management Response

Authority management agrees to the recommendation and will review and revise its inventory count policies and procedures.

#### Current Year Status

See current year Finding 2021-001.



**REQUIRED COMMUNICATION TO THE ADMINISTRATION AND  
FINANCE COMMITTEE AND BOARD OF DIRECTORS IN ACCORDANCE  
WITH PROFESSIONAL STANDARDS (SAS 114)**

To the Administration and Finance Committee  
and Board of Directors  
Central Contra Costa Transit Authority  
Concord, California

We have audited the basic financial statements of the Central Contra Costa Transit Authority (the Authority) for the fiscal year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 3, 2021. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Matters**

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2021. We noted no transactions entered into by the Authority during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the basic financial statements in the proper period.

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Authority's basic financial statements were:

- **Estimated Useful Lives of Capital Assets** – Management estimates the lives of capital assets for purposes of calculating annual depreciation expense to be reported in the Authority's Statement of Revenues, Expenses, and Changes in Net Position. Estimated useful lives range from 9 to 13 years for revenue transit vehicles; 3 to 10 years for shop, office, other equipment, and service vehicles; and 30 years for building and structures.
- **Self-Insurance Liability** – This represents management's estimate of the liability for public liability claims and workers' compensation claims to be paid for which the Authority is self-insured, and includes management's estimate of the ultimate costs for both reported claims and claims incurred but not reported.

- Net Pension Liability and Postemployment Benefits Other than Pension Benefits (OPEB) Liability – These are based on actuarial evaluations, which involve estimates of the value of reported amounts and probabilities about the occurrence of future events far into the future.

We evaluated the key factors and assumptions used to develop the accounting estimates used in determining that they are reasonable in relation to the basic financial statements taken as a whole.

Certain basic financial statement disclosures are particularly sensitive because of their significance to basic financial statement users. The most sensitive disclosures affecting the basic financial statements were the disclosures of capital assets and depreciation, employees' retirement pension plan and the net pension liability, risk management self-insurance liability, and the OPEB plan and the net OPEB liability in Notes 5, 7, 8, and 11, respectively, of the basic financial statements.

The basic financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management:

Financial Statement Classification	Debit	Credit
Capital and operating grants receivable	511,490.00	
Federal operating assistance		511,490.00
State and local operating assistance	511,490.00	
Due to other government, TDA payable		511,490.00

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the basic financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated February 7, 2022.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's basic financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

We applied certain limited procedures to the Management's Discussion and Analysis (MD&A), Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Investment Returns – Pension, Schedule of Contributions – Pension, Schedule of Changes in the OPEB Liability and Related Ratios, Schedule of Investment Returns – OPEB, and Schedule of Contributions – OPEB, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on schedule of expenditures of federal awards, which accompanies the basic financial statements but is not RSI. With respect to this supplementary schedule, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the basic financial statements. We compared and reconciled the supplementary schedule to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

We were not engaged to report on the statistical section, which accompanies the basic financial statements but is not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Restriction on Use**

This information is intended solely for the use of the Administration and Finance Committee, Board of Directors, and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong*  
*Accountancy Corporation*

Stockton, California  
February 7, 2022

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Administration and Finance Committee  
Central Contra Costa Transit Authority  
Concord, California

We have performed the procedures enumerated below on the accounting records of Central Contra Costa Transit Authority (the Authority) for the fiscal year ends of June 30, 2021 and 2020. The Authority is responsible for the Authority's accounting records.

The Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of reviewing the State Transit Assistance (STA) and Transportation Development Act (TDA) funds allocated by the Metropolitan Transportation Commission (MTC), to review the cost of diesel fuel purchased by the Authority, and to review the California Public Employees' Retirement System (PERS) benefits paid by the Authority for the fiscal year ended June 30, 2021, and compare to the prior fiscal year ended June 30, 2020. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

- 1) Obtained the Authority's final amounts of TDA and STA funds received according to MTC for the fiscal years ended June 30, 2021 and 2020. Verified that the MTC allocation for fiscal year 2021 was not reduced from the allocation in 2020.

*Finding:* The 2021 MTC final TDA allocation was not reduced from the prior year allocation. However, the STA allocation was reduced from the prior year allocation. Refer to the attached schedule.

- 2) Obtained the cost of the diesel fuel purchased by the Authority for the fiscal years ended June 30, 2021 and 2020. Verified that the average cost of diesel fuel purchased in fiscal year 2021 did not increase by \$500,000 over the prior fiscal year or \$0.75 per gallon when compared to the average cost in fiscal year 2020.

*Finding:* The 2021 diesel fuel purchased by the Authority for the fiscal year ended June 30, 2021, did not increase by \$500,000 over the prior year or \$0.75 per gallon when compared to the average cost in fiscal year 2020. Refer to the attached schedule.

- 3) Obtained a schedule of the PERS benefits, other than Other Postemployment Benefits (OPEB), paid by the Authority for the fiscal years ended June 30, 2021 and 2020. Verified that the increase for fiscal year 2021 over fiscal year 2020 did not exceed \$1,000,000.

*Finding:* The PERS benefits (other than OPEB) paid by the Authority for the fiscal year ended June 30, 2021, did not exceed \$1,000,000 over fiscal year 2020. Refer to the attached schedule.

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

We are required to be independent of the Authority and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Authority's administration and finance committee and management and is not intended to be, and should not be, used by anyone other than those specified parties.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Stockton, California  
February 7, 2022

<b>Criteria</b>	<b>Description of Criteria</b>	<b>Revenue</b>	<b>2021</b>	<b>2020</b>	<b>\$ Change</b>
(a)	Final amount of STA or TDA funds per MTC - must not be reduced from the prior year.				
	TDA 4.0		\$ 20,556,256	\$ 18,601,386	
	TDA 4.5		<u>951,046</u>	<u>863,122</u>	
	Total TDA		<u>21,507,302</u>	<u>19,464,508</u>	<u>\$ 2,042,794</u>
	STA Pop-County Block Grant		3,913,015	4,768,040	
	STA Rev based		<u>606,534</u>	<u>759,609</u>	
	Total STA		<u>4,519,549</u>	<u>5,527,649</u>	<u>(1,008,100)</u>
	Total STA and TDA		<u><u>\$ 26,026,851</u></u>	<u><u>\$ 24,992,157</u></u>	<u><u>\$ 1,034,694</u></u>
(b)	Cost of diesel fuel purchased by the Authority (increase is not greater than \$500,000 from prior year). This increase will occur if the average cost of diesel fuel purchased during fiscal year 2021 increased by \$0.75 per gallon when compared to the average in fiscal year 2020.		<u>\$ 1,018,675</u>	<u>\$ 1,173,404</u>	<u>\$ (154,729)</u>
(c)	PERS benefits paid by the Authority, other than OPEB, did not increase by over \$1,000,000 from the prior year.		<u>\$ 2,192,667</u>	<u>\$ 2,022,875</u>	<u>\$ 169,792</u>

**To:** Board of Directors

**Date:** February 10, 2022

**From:** Bill Churchill, General Manager

---

**SUBJECT:** Draft 2022 Federal Advocacy Program

---

**Background:**

Attached please find a draft PDF of County Connection's Federal Advocacy Program, highlighting the Authority's top priorities for 2022. Also attached is a companion PowerPoint presentation. In addition to the priorities, the presentation focuses on who County Connection is, what Federal stimulus funding has allowed the Authority to achieve, and collaborative projects across the region.

**Program Presentation Format and Congressional Office Meeting Visits**

At this time last year, the COVID-19 pandemic required congressional office visits to be completed remotely. This led the Authority to facilitate a number of meetings with its delegation virtually, including the presentation of our Advocacy Program through a brief PowerPoint presentation and PDF based leave behind regarding our interests.

While we are not completely out of the pandemic, the Authority has secured two in-person meetings with our delegation. Thus, while a PowerPoint presentation has been provided as an option for any virtual meetings, staff is also prepared to convert this presentation to a brochure format as a leave behind for all in-person meetings.

**MP&L Committee Review:**

The MP&L Committee reviewed the draft program. The committee agreed with the five priority areas of the program and provided staff with feedback on the presentation material. The feedback is reflected in the attached PowerPoint presentation. The MP&L Committee has sent this item to the full Board for review, feedback on the presentation material, and approval. Any additional changes to the presentation material will be brought back to the MP&L Committee at its March meeting for final approval.

**Financial Implications:**

None.

**Recommendation:**

The MP&L Committee and staff recommend approval of the draft 2022 Federal Advocacy Program.

**Action Requested:**

The MP&L Committee and staff request that the Board review, provide feedback, and approve the draft 2022 Federal Advocacy Program.

**Attachments:**

1. Draft 2022 Federal Advocacy Program Priorities
2. Draft 2022 Federal Advocacy Program PowerPoint Presentation



## 2022 FEDERAL ADVOCACY PROGRAM

County Connection relies on federal transit funding for necessities crucial to the Authority. The CARES, CRRSAA, ARP, and the IIJA Acts together have placed County Connection in reasonable financial condition as we hopefully begin to emerge from the Pandemic. However, the need for an on-going reliable federally funded transit program remains critical to enable County Connection to provide reliable, safe and effective service to its constituents. Thus, County Connection supports the following:

### **Priority #1: FY23 Federal Public Transit Appropriations**

County Connection relies on federal funds for the timely completion of capital projects and to support its services to folks with disabilities. In FY23, we are expecting to receive roughly \$1.5 million in 5307 formula funding to support our ADA paratransit program. This program serves the most frail members of our community and was crucial in providing life line based services during the height of the Pandemic. We also will pursue formula funding to help with our continued transition to an all Zero Emission Based (ZEB) fleet. To ensure that we receive this critical capital funding, the federal transit program must be fully funded at levels consistent with the levels set out in the House passed INVEST Act and/or the recently enacted IIJA.

### **Priority #2: Re-authorization of the Federal Transportation Bill**

While we applaud the enactment of the IIJA as it will bring \$107 billion to public transit over five years, it is not the re-authorization of the federal transportation bill. IIJA is also paid for outside of the federal highway and transit trust funds. In order to address long term transit needs in an adequate and predictable manner, we seek re-authorization of The Fixing America's Surface Transportation Act (FAST) which has effectively expired.

Historically, County Connection has received \$8 million dollars in federal support on an annualized basis from federal transportation acts and authorizations. These funds are primarily used to replace aging buses and vans for far cleaner and reliable buses. Thus, re-authorization of FAST is a top priority for County Connection.

The House passed the INVEST Act to re-authorize FAST. This bill increases the federal investment in public transit by 133% over FAST. We applaud this. County Connection urges that this legislation be taken up in the Congress in 2022 for further action.

### **Priority #3: Enact APTA's Recommendations on Mobility & Innovation**

The American Public Transportation Association (APTA) have adopted a set of recommendations for federal enactment to promote and support innovative mobility solutions to increase the ability of all sorts of people to use public transportation throughout their everyday lives. These innovations in mobility must serve to improve and enhance traditional public transportation, not replace it. These innovations should also promote and provide opportunities to prepare the next generation of public transportation workers through work force development programs.

Many areas such as the one County Connection serves need to greatly improve their public transportation options to attack the housing crisis, climate change, equity, and aging population. However, historical growth patterns in these areas make traditional public challenging to provide. Thus, innovative mobility solutions are needed. They will also make established transit in these areas more effective and increase ridership.

Public transit agencies like County Connection are well positioned to deliver these innovative solutions along with their traditional fixed route services in an integrated and coordinated manner, if allowed to and support by federal policy.

#### **Priority #4: Restore the Federal Highway and Mass Transit Accounts**

With the Federal Highway and Mass Transit Accounts nearly broke, more and more of the federal transit program is at risk of not being funded. We urge that a permanent fix to this problem be found. Without financial stabilization for these accounts, many County Connection projects will be at risk.

#### **Priority #5: Supporting Directed Spending Request(s) From CCTA**

Directed Congressional Spending (Earmarks) are alive and well and in the FY22 federal budget to as much as \$40 billion depending on how it's defined. The Contra Costa Transportation Authority (CCTA) was successful in securing such funding from both the offices of Congressman DeSaulnier and Congressman Swalwell for projects that have good benefit and application to County Connection's mission. CCTA may seek more of such funding in 2022. County Connection should be a partner in those efforts should they come.

# COUNTY CONNECTION

*Connecting our community by providing innovative transportation choices when and where you need it*

## SERVING CONTRA COSTA CITIES AND BEYOND:

Clayton, Concord, Danville, Lafayette, Martinez, Moraga, Orinda, Pleasant Hill, San Ramon, Walnut Creek, and unincorporated communities in Central Contra Costa County

## 2022 FEDERAL ADVOCACY PROGRAM



County Connection

2477 Arnold Industrial Way, Concord, CA 94520

(925) 676-7500

[www.countyconnection.com](http://www.countyconnection.com)

# County Connection

County Connection provides vital local transit service for communities in Central Contra Costa County.



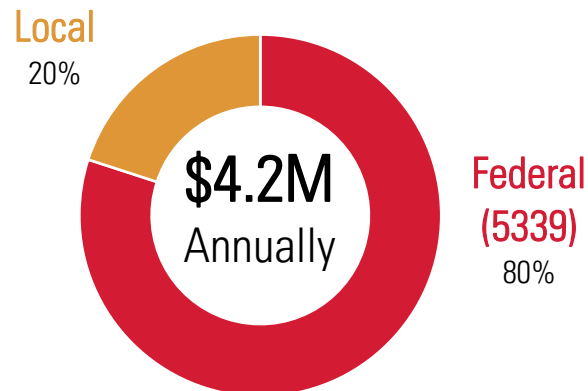
## Our Riders

Compared to Central Contra Costa County residents, our riders are:

- 4.4x** more likely to have no car
- 3.8x** more likely to be in a 3+ worker household
- 3.0x** more likely to earn less than \$50,000/year
- 2.7x** more likely to be ages 18-24

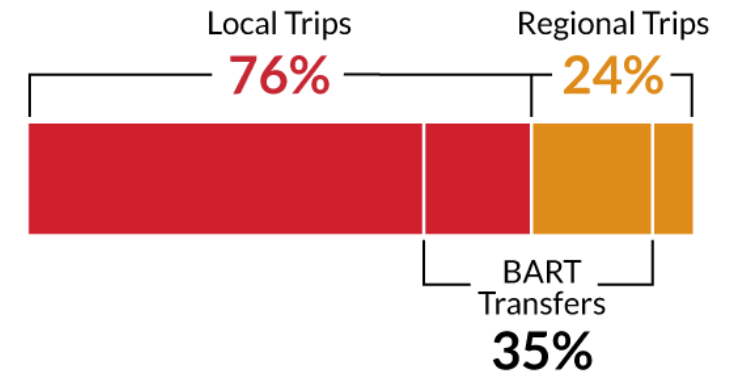
## Capital Funding

Federal funding accounts for an estimated 80% on an annualized basis.



## Local and Regional Trips

- The majority of routes serve a BART station.
- Most of our riders are making local trips within Central Contra Costa.
- 35% of our riders transfer between our buses and BART.







# Federal Advocacy Program

## Priority #1: FY23 Federal Public Transit Appropriations

- County Connection relies on vital federal funds to support crucial programs such as capital projects, ADA paratransit, lifeline services, and COVID-19 safety in transportation.
- A fully funded transit program will ensure County Connection can capitalize its transition to an all Zero Emission Based (ZEB) fleet.

## Priority #2: Re-authorization of FAST ACT

- The Invest in America Act is a good start to re-authorization as it increases the federal investment in public transit by 133% over FAST.
- County Connection continues to hold the re-authorization of FAST as a top priority in order to provide cleaner, reliable buses.

# Federal Advocacy Program

## Priority #3: Enact APTA's Recommendations on Mobility & Innovation

- County Connection supports innovative mobility solutions to increase public transportation use.
- Innovations should prepare the next generation of public transportation employees through workforce development.

## Priority #4: Restore the Federal Highway & Mass Transit Fund

- Without a reliable and sustainable trust fund, many transit projects will be at risk.

## Priority #5: Directed Spending Request(s) from CCTA

- A continued vital partnership with the Contra Costa Transportation Authority to secure funding through Directed Congressional Spending will allow County Connection to pursue projects of benefit and application to our mission.







# Benefits of Federal Stimulus Funding

In response to COVID-19, Federal stimulus funding allowed County Connection to achieve the following:

- Maintain **employment** for County Connection and ADA Paratransit staff in order to continue to provide essential transportation in Central Contra Costa County.
- Provide emergency transportation to over **400 COVID positive passengers**.
- Ensure COVID-19 **vaccination transports** for John Muir Health patients and Lamorinda residents.
- Expand service provisions to include meal delivery service for the **entire County**, not just the County Connection service area:
  - Meals on Wheels Program: > 31,500 meals to the vulnerable senior population
  - School Lunches: > 9,700 lunches for at-risk youth
  - County and Food Banks: > 4,000 lbs. of food
  - City of San Ramon: > 3,600 meals to the city's citizens

# Regional Transit Benefits Through Collaborative Projects

## Hydrogen Fuel Cell Buses for Commuter Service

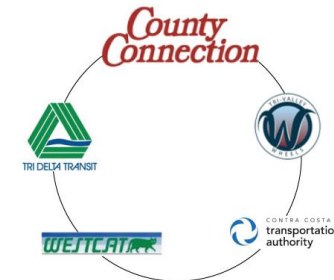
- Partnership between County Connection, Contra Costa Transportation Authority, and Livermore-Amador Valley Transit Authority to provide an express service connecting Martinez to Dublin along the I-680 corridor

## Paratransit One-Seat Regional Ride Pilot

- Service for ADA-eligible passengers providing inter-agency transportation between Contra Costa and Alameda Counties

## Joint contract for the Provision of ADA Paratransit Services

- Following an initial 6-month pilot, County Connection and LAVTA seek a long-term partnership for increased efficiencies





# THANK YOU

*for joining this presentation*

---

For questions or comments, please contact:

Bill Churchill, General Manager

(925) 680-2022 or [churchill@cccta.org](mailto:churchill@cccta.org)

*County  
Connection*



**To:** Board of Directors

**Date:** February 9, 2022

**From:** J. Scott Mitchell, Chief Operating Officer

**Reviewed by:** WC.

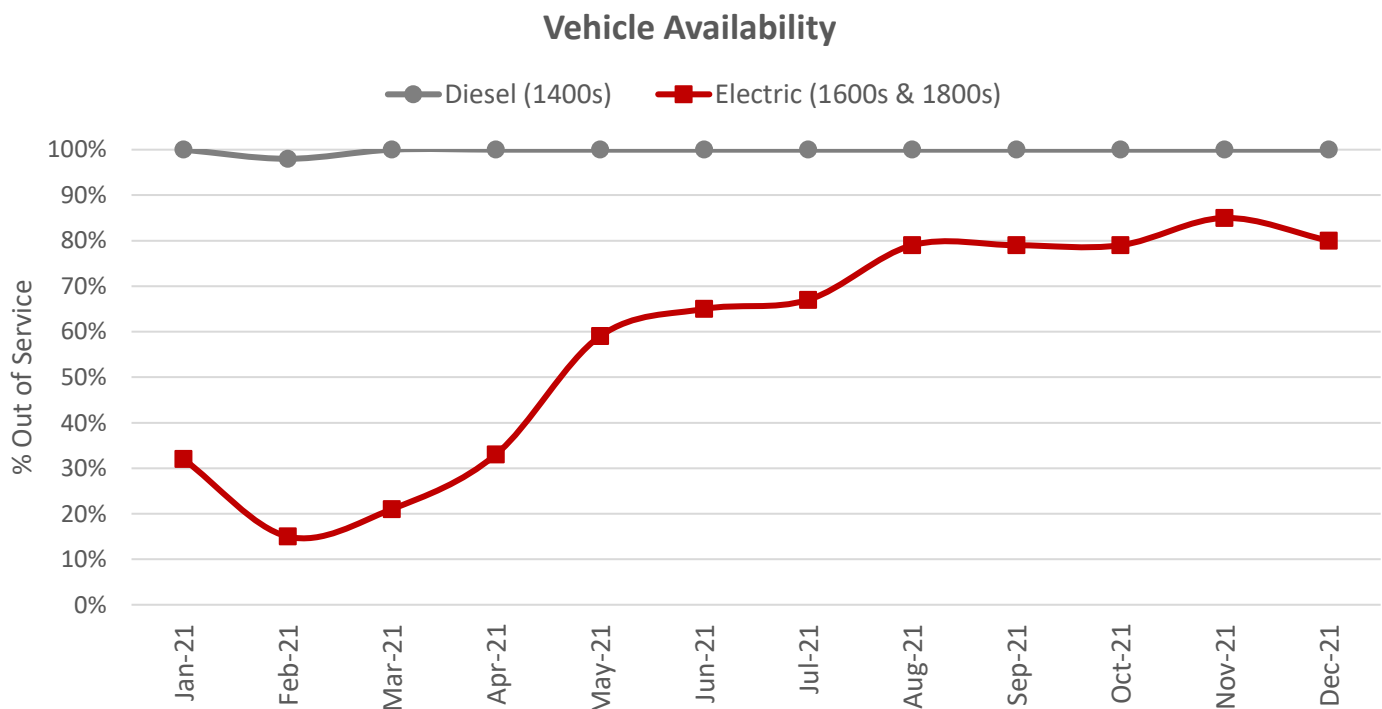
**SUBJECT:** Battery Electric Bus (BEB) 2021 Update

### Background:

County Connection received two federal grants—the 2012 Clean Fuels grant and the 2016 Low/No grant—to purchase eight battery electric buses (BEBs) and the necessary charging infrastructure. All eight BEBs operate in Walnut Creek on Routes 4 and 5, and two inductive chargers were installed at the new Walnut Creek Transit Village to support the continuous operations on these two routes. The BEBs have travelled 298,793 service miles as of January 2017. This update will compare the electric bus fleet to the 1400 series diesel bus fleet from January 1, 2021, through December 31, 2021.

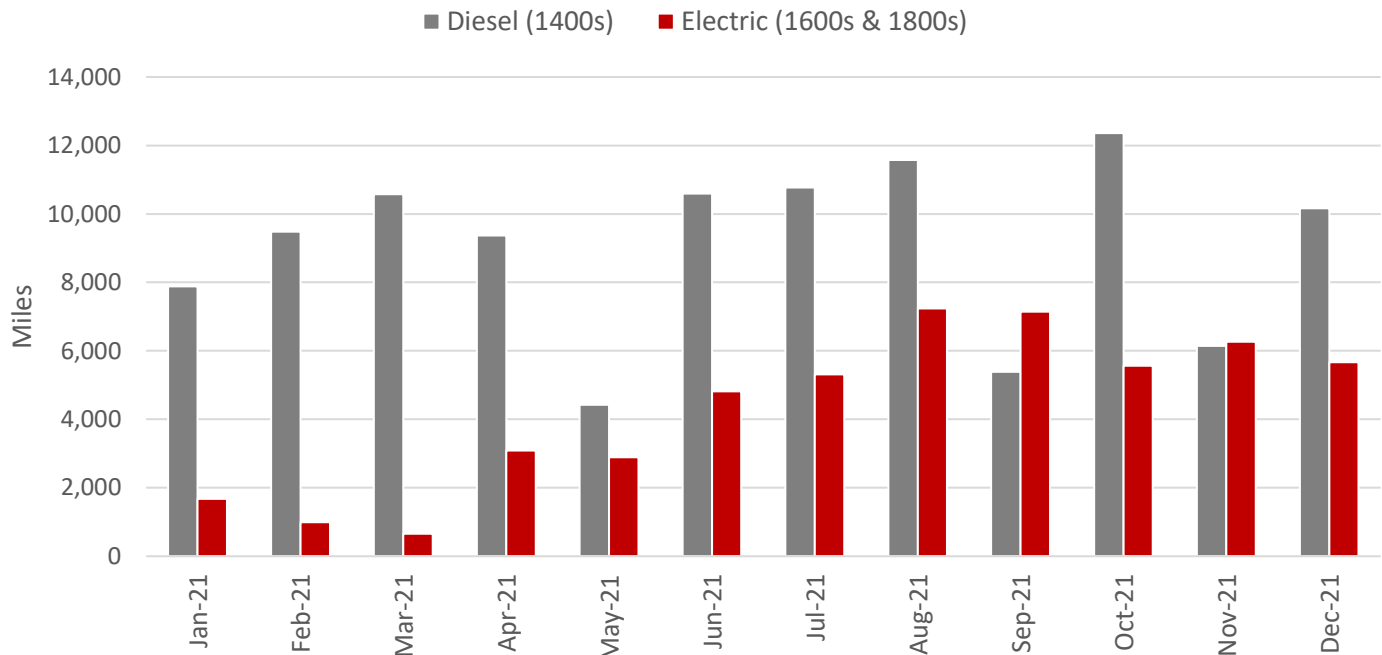
### Maintenance and Operations:

Since January 2021, the electric bus availability averaged 57% compared to 98% for the 1400-series diesel fleet. Most of the reliability issues are due to parts availability and battery issues. Staff continues to work with various partners to resolve these issues. The electric fleet availability has improved greatly over the past six months.



Another important indicator of reliability is miles between road calls. During the comparison period, miles between mechanical road calls for the diesel fleet averaged 9,060 miles. The miles between road calls for electric fleet averaged 4,776 miles. However, this metric could slightly favor the diesel fleet because of lower total miles traveled by the electric fleet.

### Miles Between Mechanical Road Calls



### Cost to Operate:

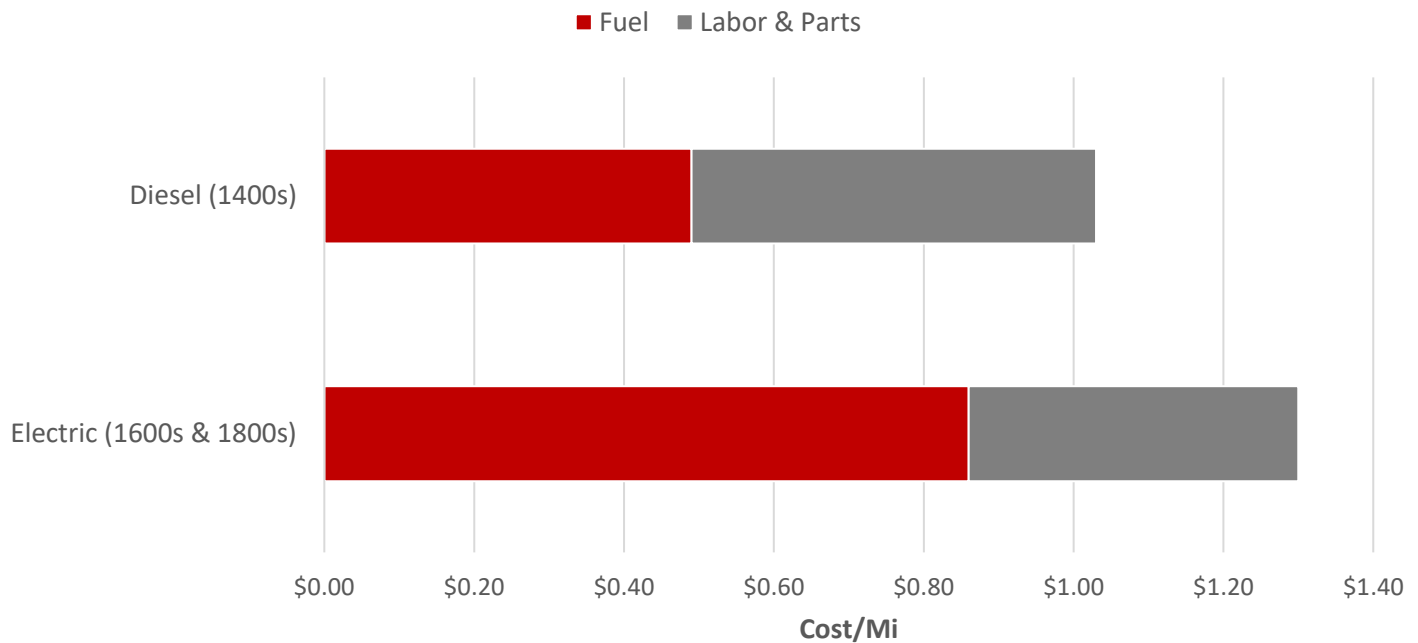
The electricity rates continue to be a concern in the operation of BEBs. Between January 1, 2021 and December 31, 2021, the total electricity cost to operate the eight buses was \$62,088.

The average energy cost per mile for the electric fleet in 2021 was \$0.86 per mile compared to a diesel fuel cost of \$0.49 per mile. The total cost per mile, inclusive of labor and parts, was \$1.30 per mile for the electric fleet and \$1.03 per mile for the diesel fleet. It should be noted that the electric fleet is still under warranty, and all major electrical repair costs have been covered by the manufacturers. If these parts were not covered under warranty, this would increase parts cost per mile considerably for the electric fleet. The electric fleet also continue to need specialty support from the various vendors.

In addition, all of the battery packs and battery management controls for the four 2016 electric trolleys needed to be replaced in September 2019. We have also replaced three battery strings on the 2018 electric buses, which were covered by warranty.

We continue to have major problems with the chargers at the yard in Concord. One of the two Efacec plug-in chargers has been out of service for nineteen months. The manufacturer cannot repair it properly, partly because they are now obsolete. We are currently working with Gillig to find a solution to this problem, which will involve replacing the charge controllers on the eight electric buses and updating the chargers at the facility.

## Vehicle Operating Cost



### Conclusion:

Electricity costs and availability continue to be a problem with the electric buses. The lack of industry standards is also a major issue. We have chargers and parts on buses that are between three and five years old that are now obsolete because the technology continues to change at a rapid pace.

The battery charger issue is just one example. To replace the chargers with ones from an alternate manufacturer requires updates and changes to the buses. The bus manufacturers all seem to be using different systems that are not all compatible to a universal charger standard.

As California moves to a Zero Emission Bus (ZEB) future, staff will continue to report to the Board on the progress of electric and fuel cell buses. Although staff recognizes the importance of reducing greenhouse gases, there are a number of considerations that should be further analyzed to ensure systemwide reliability, which ultimately affects overall ridership. Staff has been working with the Center of Transportation and the Environment (CTE) to develop a ZEB Rollout Plan, which will evaluate ZEB options, the and help determine an appropriate path forward for County Connection. Staff intends to bring a draft of the plan to the O&S Committee for review at a future meeting.

### Financial Implications:

Although this analysis did not focus on a financial perspective, it is clear that under current conditions electricity as a fuel costs \$0.37 per mile more than diesel fuel. The electric bus fleet costs \$0.27 more per mile to maintain than the similar diesel powered fleet. A detailed financial analysis will be included in the ZEB Rollout Plan.

### Recommendation:

None, for information only.

**Action Requested:**

None, for information only.

**To:** Board of Directors

**Date:** February 7, 2022

**From:** Rashida Kamara, Director of ADA Services

**Reviewed by:** Ref

---

**SUBJECT:** Appointments to Advisory Committee Representing City of Orinda

---

**Background:**

On February 1, 2022, the City of Orinda appointed Amina Bret-Mounet to serve on the County Connection's Advisory Committee as the primary member representing the City of Orinda. This appointment will expire on February 1, 2024.

**Financial Implications:**

None

**Recommendation:**

Staff recommends Board approval of the appointment of Amina Bret-Mounet as the representative for the City of Orinda on County Connection's Advisory Committee.

**Action Required:**

Staff requests the appointment of Amina Bret-Mounet to be approved by the Board.

**Attachments:**

Attachment 1: Email notification-County Connection Advisory Committee Member

Attachment 2: City of Orinda's Statement of Interest for appointment of Amina Bret-Mounet

## Attachment 1

**From:** [Sheri Smith](#)  
**To:** [Lathina Hill](#)  
**Cc:** [Marji McWee](#); [Rashida Kamara](#); [Amy Worth Comcast](#); [Sandra Muhlestein](#); [Rosa Noya](#)  
**Subject:** RE: County Connection Advisory Committee Member  
**Date:** Monday, January 31, 2022 10:38:14 AM  
**Attachments:** [statement of interest.amina.bret-mounet.01.14.2022.pdf](#)

---

**CAUTION:** \*This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hi Lathina, The City Council just appointed someone to represent Orinda on this Committee this past Saturday.

Her name is Amina Bret-Monet.

I've attached information about her.

Please let me know if you need anything else from me. I will be contacting her today to let her know of her appointment. Then I assume you will contact her with further details.

Sheri

*Sheri Marie Smith  
City Clerk  
City of Orinda  
22 Orinda Way  
Orinda, CA 94563  
925-253-4221  
ssmith@cityoforinda.org*

---

**From:** Lathina Hill [mailto:hill@cccta.org]  
**Sent:** Monday, January 31, 2022 8:58 AM  
**To:** Sheri Smith <ssmith@cityoforinda.org>  
**Cc:** Marji McWee <m.mcwee@att.net>; Rashida Kamara <kamara@cccta.org>; Amy Worth Comcast <atworth@comcast.net>; Sandra Muhlestein <smuhlestein@cccta.org>; Rosa Noya <noya@cccta.org>  
**Subject:** County Connection Advisory Committee Member

**CAUTION: This email is from an external source. Be careful when clicking links or opening attachments!**

Good morning,

We are in the process of filling all vacancies on our Advisory Committee and your city has one of

them. Please let me know if and when it is filled and if you need anything from us to help with the process.

Thanks in advance and have a great week,

Lathina





**Statement of Interest**  
To serve in a Volunteer Capacity  
For the City of Orinda

**RETURN FORM TO:**

City Clerk  
22 Orinda Way  
Orinda, CA 94563  
925-253-4221  
ssmith@cityoforinda.org

**Please Note:** *This application for appointment is a Public Document subject to the State of California Public Records Act and will be open to the public for inspection and reproduction. If you wish, you may submit a resume or additional documentation; but such documents should supplement, not substitute for, the completion of this application.*

I am interested in serving on the following Commission(s) or Committee(s): (may list more than one in priority order):

~~Traffic Safety Advisory Committee~~

County Connection Citizens Advisory Committee

Name: Amina Bret-Mounet

Education: B.A., M.A.

Past and Present Business Experience: Director of Training, StreetLight Data (machine learning & transportation knowledge), CircleCI, full stack software developer

Number of Years an Orinda Resident: 8+

List Present Volunteer Activities: n/a

List Previous Orinda Activities: Women of Spirit Interfaith Group

List any Additional Relevant Experience: My current job focuses on using big data for mobility to enable smarter transportation. I am an experienced people manager with experience in team building, meeting management, and public speaking

Please write a brief statement indicating why you are interested in serving in this capacity:

My youngest child is graduating from Miramonte this Spring. I am finding that I have extra time and would like to give back to the amazing city of Orinda. My work experience using on-demand analytics to help Departments of Transportation across the US and Canada solve transportation problems might prove to be beneficial on the Traffic Safety Advisory Commission.

Home Address: 52 Miner Road, Orinda, CA 94563

Phone Number: 415-637-3953

E-mail Address: amina.bretmounet@gmail.com

Signature: 

*Government Code Section 87200 requires that certain government officials must file a Statement of Economic Interests (Form 700). As a Commissioner you will be required to file statements of economic interests.*