

# The County Connection

2477 Arnold Industrial Way Concord, CA 94520-5326 (925) 676-7500 www.cccta.org

**MEETING NOTICE & AGENDA**  
**ADMINISTRATION & FINANCE COMMITTEE**  
1676 N. California Blvd, Suite 620  
Walnut Creek, CA 94596  
Wednesday, January 4, 2012  
9:00 a.m.

**The Committee may take action on any item on the agenda.**

1. Adoption of Agenda (Action)
2. Public Communication
3. Summary Minutes of December 2, 2011 A&F Committee Meetings\* (Review/Action)
4. Discussion with Investment Manager-Investment Rate of Return, OPEB Trust\* (Review/Action)
5. FY2011 Audit-Teleconference\* (Review/Action)
6. Closed Session:  
Conference with legal counsel - Existing Litigation (pursuant to Government Code Section 54956.9(a)  
Moses Hunt vs. CCCTA
7. Fare Increase Timing\* (Review/Action)
8. Revised Forecast\* (Review/Action)
9. Review and Update CCCTA Travel Policy\* (Review/Action)
10. Investment Quarterly Report\* (Review/Action)
11. Small Claims Representation\* (Review/Action)
12. Legal Services Statement, October 2011 General/November 2011 Labor\*\* (Review/Action)
13. Review of Vendor Bills, December 2011\*\* (Review)
14. Adjournment

\*Enclosure

A&F Committee Members

\*\*Enclosure for Committee Members

Al Dessayer, Candace Andersen and Rob Schroder

## General Information

Public Comment: Each person wishing to address the A&F Committee is requested to advise the Chair before the meeting convenes or the applicable agenda item is discussed. Persons who address the Committee are also asked to furnish a copy of any written statement to the Chair. A period of thirty (30) minutes has been allocated for public comments concerning items of interest within the subject matter jurisdiction of the Committee. Each individual will be allotted three minutes, which may be extended at the discretion of the Committee Chair.

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.CCCTA.org](http://www.CCCTA.org).

Accessible Public Meetings: Upon request, CCCTA 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. Please send a written request, including your name, mailing address, phone number and brief description of the requested materials and preferred alternative format or auxiliary aid or service so that it is received by CCCTA at least 48 hours before the meeting convenes. Requests should be sent to Lathina Hill, Assistant to the General Manager, at 2477

Arnold Industrial Way, Concord, CA 94520 or [Hill@CCCTA.org](mailto:Hill@CCCTA.org).

The agenda is posted on CCCTA's Website ([www.CCCTA.org](http://www.CCCTA.org)) and at the following location:

CCCTA Administrative Offices, 2477 Arnold Industrial Way, Concord

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

**Administration and Finance Committee  
Summary Minutes  
December 2, 2011**

The meeting was called to order at 9:00 a.m. at the Walnut Creek offices of Hanson Bridgett. Those in attendance were:

Board of Director Al Dessayer  
Board of Director Candace Andersen

Staff: General Manager Rick Ramacier  
Director of Finance Kathy Casenave

1. Adoption of the Agenda- Approved.
2. Public Communication- None.
3. Summary Minutes of November 10, 2011- Approved.
4. CCCTA Income Statements for the Three Months Ended September 30, 2011- Director Casenave reported that expenses were 8% under the year to date budget at the end of three months. Wages, diesel fuel and purchased transportation were the expenses categories that accounted for most of the under budget variance. This will be included in the Board packet.
5. Review and Update CCCTA Travel Policy- General Manager Ramacier outlined the current travel policy and noted that the Board, for the past several years, has controlled travel expense through the budget process rather than change the policy. The committee members decided to table the discussion until January when all committee members are present. F
6. Draft OPEB Actuarial Report- The committee reviewed the draft actuarial report and spoke to the actuary, Jim Summers, by teleconference. The report showed two options- a paygo method with a 5% discount and a 7.75% fully funded method. The committee decided to meet with our investment manager next month to discuss and decide on an investment rate of return. After that, the actuarial report will be finalized.
7. Review of Vendor Bills, November 2011- Reviewed.
8. Adjournment- The meeting was adjourned. The next meetings will be Wednesday, January 4 at 9:00 a.m. at the Walnut Creek offices of Hanson Bridgett, 1676 N. California St, Walnut Creek.

  
Kathy Casenave, Director of Finance

# The County Connection



To: Administration & Finance Committee

Date: December 28, 2011

From: Kathy Casenave *Kc*  
Director of Finance

Reviewed By:

**SUBJECT: Investment outlook**

Andrew Brown, our Investment Manager, will attend the committee meeting to discuss the economic outlook in general, and our investment portfolio.

At the last meeting, the draft actuarial report was presented. The committee must decide on an investment rate of return in order to finalize the report and establish the prefunding amount for the next two years.

**ACTION REQUESTED:**

Staff requests that the A&F Committee make a decision about the investment rate of return so that the OPEB actuarial report can be finalized.

# The County Connection



To: Administration & Finance Committee

Date: December 28, 2011

From: Kathy Casenave *KC*  
Director of Finance

Reviewed By: *Push*

**SUBJECT: FY 2011 Draft Audit Report**

The FY 2011 Draft Audit Report is attached. Steven Starbuck, partner at Brown Armstrong Certified Public Accounts will discuss the report in a telephone conference call.

**ACTION REQUESTED:**

Staff requests that the A&F Committee forward the report to the Board of Directors recommending adoption.

DRAFT

CENTRAL CONTRA COSTA TRANSIT AUTHORITY

FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2011 AND 2010

CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
 JUNE 30, 2011 AND 2010

TABLE OF CONTENTS

	<u>Page</u>
<u>Financial Section</u>	
Independent Auditor's Report.....	1
Management's Discussion and Analysis .....	3
<u>Basic Financial Statements</u>	
Statements of Net Assets .....	6
Statements of Revenues, Expenses and Changes in Net Assets .....	7
Statements of Cash Flows.....	8
Notes to Financial Statements.....	10
<u>Required Supplementary Information</u>	
Schedule of Funding Progress – Post-Employment Benefits Other Than Pension Benefits .....	25
<u>Supplementary Schedule and Other Reports</u>	
Schedule of Expenditures of Federal Awards .....	26
Notes to Schedule of Expenditures of Federal Awards .....	27
Independent Auditor's Report on Transportation Development Act Compliance .....	28
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> .....	29
Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	31
<u>Findings and Questioned Costs Section</u>	
Schedule of Findings and Questioned Costs .....	33

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Central Contra Costa Transit Authority  
Concord, California

We have audited the accompanying basic financial statements of the Central Contra Costa Transit Authority (the Authority), as of and for the years ended June 30, 2011 and 2010, as listed in the table of contents. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2011, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of funding progress for the Authority's post-employment benefits other than pension benefits, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during out audit of the 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.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Authority taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

Bakersfield, California  
December 8, 2011



**CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2011 AND 2010**

## **Introduction**

The following discussion and analysis of the 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 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. A Board of Directors composed of representatives of the member jurisdictions governs the Authority. Member jurisdictions include: Cities of Clayton, Concord, Lafayette, Martinez, Orinda, Pleasant Hill, San Ramon, Walnut Creek; Town of Moraga and Town of Danville; and County of Contra Costa. Each member jurisdiction appoints one regular representative to the Board of Directors (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 131 and has approximately 258 employees. An independent contractor operates the Para-transit 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 Financial Statements**

The Authority's basic financial statements include (1) the Statements of Net Assets, (2) the Statements of Revenues, Expenses and Changes in Net Assets and (3) the Statements of Cash Flows. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

## **Statements of Cash Flows**

The Statements of Cash Flows is presented using the direct method and includes a reconciliation of operating cash flows to operating income. The Statements of Cash Flows basically provide 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 expenditures to the beginning and ending cash on hand.

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

## Financial Highlights

- Operating revenues were \$4,717,192, while operating expenses were \$34,011,443. The Authority is able to cover its operating expenses through operating revenue and federal, state and local grants.

## Statement of Net Assets

A comparison of the District's Statements of Net Assets as of June 30, 2011 and 2010, is as follows:

	2011	2010	2009	2011 to 2010		2010 to 2009	
				Increase/Decrease Amount	%	Increase/Decrease Amount	%
Current assets	\$10,781,966	\$ 9,631,753	\$ 7,909,713	\$ 1,150,213	11.94%	\$ 1,722,040	21.77%
Noncurrent assets - capital assets, net	35,103,878	37,514,698	22,696,474	(2,410,820)	-6.43%	14,818,224	65.29%
<b>Total assets</b>	<b>\$45,885,844</b>	<b>\$47,146,451</b>	<b>\$30,606,187</b>	<b>\$ (1,260,607)</b>	<b>-2.67%</b>	<b>\$ 16,540,264</b>	<b>54.04%</b>
Current liabilities	\$ 8,207,645	\$ 7,146,074	\$ 5,350,115	\$ 1,061,571	14.86%	\$ 1,795,959	33.57%
Noncurrent liabilities	1,083,555	1,199,722	1,544,478	(116,167)	-9.68%	(344,756)	-22.32%
<b>Total liabilities</b>	<b>\$ 9,291,200</b>	<b>\$ 8,345,796</b>	<b>\$ 6,894,593</b>	<b>\$ 945,404</b>	<b>11.33%</b>	<b>\$ 1,451,203</b>	<b>21.05%</b>
<b>Net assets</b>							
Invested in capital assets, net of related debt	\$35,103,878	\$37,514,698	\$22,696,474	\$ (2,410,820)	-6.43%	\$ 14,818,224	65.29%
Unrestricted net assets	1,490,766	1,285,957	1,015,120	204,809	15.93%	270,837	26.68%
<b>Total net assets</b>	<b>\$36,594,644</b>	<b>\$38,800,655</b>	<b>\$23,711,594</b>	<b>\$ (2,206,011)</b>	<b>-5.69%</b>	<b>\$ 15,089,061</b>	<b>63.64%</b>

The District's decrease in net assets was mainly due to the increase in capital grant revenue for the purchase of vehicles and other assets and the construction of the Diablo Valley College Transit Center.

## Statement of Revenues, Expenses and Changes in Net Assets

A summary of the Authority's Statements of Revenues, Expenses and Changes in Net Assets for fiscal years 2011 and 2010 is as follows:

	2011	2010	2009	2011 to 2010		2010 to 2009	
				Increase/Decrease Amount	%	Increase/Decrease Amount	%
Operating revenues	\$ 4,717,192	\$ 4,755,809	\$ 5,099,125	\$ (38,617)	-0.81%	\$ (343,316)	-6.73%
Operating expenses	(34,011,443)	(33,169,910)	(36,446,269)	(841,533)	2.54%	3,276,359	-8.99%
Operating loss	(29,294,251)	(28,414,101)	(31,347,144)	(880,150)	3.10%	2,933,043	-9.36%
Nonoperating revenues	24,707,300	24,781,511	26,563,511	(74,211)	-0.30%	(1,782,000)	-6.71%
Capital contributions	2,380,940	18,721,651	2,018,819	(16,340,711)	-87.28%	16,702,832	827.36%
<b>Increase (decrease) in net assets</b>	<b>\$(2,206,011)</b>	<b>\$15,089,061</b>	<b>\$(2,764,814)</b>	<b>\$(17,295,072)</b>	<b>-114.62%</b>	<b>\$ 17,853,875</b>	<b>-645.75%</b>

The largest revenue category listed on the Statements of Revenues, Expenses and Changes in Net Assets is state and local operating assistance (68% in 2011, 65% in 2010). Most of this revenue is provided under the Transportation Development Act (TDA), which returns to Contra Costa County (County) ¼ cent of the sales tax collected in the County. The Authority is allocated a portion of the sales tax returned.

Operating a public transit service is labor intensive. Fifty-five percent (55%) of the Authority's operating expenses is for wages and benefits paid to employees. The next largest category of expense is purchased transportation – the cost of providing public transportation through an independent private contractor.

Selected revenue increases, change from prior year:

	2011	2010	2009	2011 to 2010 Increase/ Decrease	2010 to 2009 Increase/ Decrease
Passenger revenue	\$ 3,888,089	\$ 3,885,782	\$ 4,220,251	\$ 2,307	\$ (334,469)
Special transit fares	829,103	870,027	878,874	(40,924)	(8,847)
Federal operating assistance	4,003,292	4,919,543	2,738,770	(916,251)	2,180,773
State and local operating assistance	20,060,073	19,167,173	23,070,793	892,900	(3,903,620)

## Capital Assets

As of the end of fiscal year 2011, the Authority's capital assets, before accumulated depreciation, increased by \$2,097,873. The major addition during the year was for the completion of the Diablo Valley College Transit Center.

Details of the capital assets, net of accumulated depreciation as of June 30, 2011 and 2010, are as follows:

	2011	2010	2009	2011 to 2010		2010 to 2009	
				Increase/(Decrease)		Increase/(Decrease)	
				Amount	%	Amount	%
Land and land improvements	\$ 4,792,211	\$ 4,787,602	\$ 4,783,347	\$ 4,609	0.10%	\$ 4,255	0.09%
Construction in process	247,748	1,619,465	466,607	(1,371,717)	-84.70%	1,152,858	247.07%
Shop, office, other equipment and service vehicles	6,222,023	6,121,883	7,058,388	100,140	1.64%	(936,505)	-13.27%
Buildings and structures	15,429,788	12,365,099	12,006,866	3,064,689	24.78%	358,233	2.98%
Revenue vehicles	52,150,119	51,849,967	44,856,760	300,152	0.58%	6,993,207	15.59%
<b>Total</b>	<b>78,841,889</b>	<b>76,744,016</b>	<b>69,171,968</b>	<b>2,097,873</b>	<b>2.73%</b>	<b>7,572,048</b>	<b>10.95%</b>
Less accumulated depreciation	(43,738,011)	(39,229,318)	(46,475,494)	(4,508,693)	11.49%	7,246,176	-15.59%
<b>Net total</b>	<b>\$ 35,103,878</b>	<b>\$ 37,514,698</b>	<b>\$ 22,696,474</b>	<b>\$ (2,410,820)</b>	<b>-6.43%</b>	<b>\$ 14,818,224</b>	<b>65.29%</b>

## Overall Financial Condition

Due to a decrease in sales tax revenue, state budget problems and an increase in the cost of diesel fuel, the Authority implemented a reduction in service in the latter half of fiscal year 2009 and a fare increase. The Authority does not anticipate a need for either a service reduction or fare increase in fiscal year 2012.

## Contacting the District's Financial Management

The Authority's financial report is designed to provide the District's Board of Directors, management, creditors, legislative and oversight agencies, citizens and customers with an overview of the Central Contra Costa Transit Authority's finances and to demonstrate its accountability for funds received. For additional information about this report, please contact Katherine Casenave, Director of Finance, at 2477 Arnold Industrial Way, Concord, California.

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
STATEMENTS OF NET ASSETS  
JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 6,958,448	\$ 6,038,975
Capital and operating grants receivable	2,201,379	1,948,638
Materials and supplies	780,252	756,005
Other receivables, net of allowance (\$18,035) and (\$19,000)	659,749	719,604
Prepaid expenses and other assets	182,138	168,531
	<hr/>	<hr/>
Total Current Assets	10,781,966	9,631,753
Capital Assets, Net (Note 5)	35,103,878	37,514,698
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 45,885,844</u>	<u>\$ 47,146,451</u>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
Current Liabilities		
Accounts payable	\$ 818,857	\$ 884,199
Cash overdraft	-	186,152
Due to other government, TDA payable (Note 12)	3,786,929	2,036,112
Deferred revenue grants	-	139,274
Deferred revenue PTMISEA (Note 6)	1,697,576	1,984,753
Other accrued liabilities	1,904,283	1,915,584
	<hr/>	<hr/>
Total Current Liabilities	8,207,645	7,146,074
Long-Term Liabilities		
Self-insurance liabilities (Note 8)	1,071,592	1,188,372
OPEB liability (Note 11)	11,963	11,350
	<hr/>	<hr/>
Total Long-Term Liabilities	1,083,555	1,199,722
	<hr/>	<hr/>
TOTAL LIABILITIES	9,291,200	8,345,796
Net Assets		
Invested in capital assets, net of related debt	35,103,878	37,514,698
Unrestricted	1,490,766	1,285,957
	<hr/>	<hr/>
TOTAL NET ASSETS	36,594,644	38,800,655
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 45,885,844</u>	<u>\$ 47,146,451</u>

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

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CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Operating Revenues		
Passenger fares	\$ 3,888,089	\$ 3,885,782
Special transit fares	829,103	870,027
Total Operating Revenues	<u>4,717,192</u>	<u>4,755,809</u>
Operating Expenses		
Salaries and benefits	18,615,051	19,015,853
Materials and supplies	2,973,978	2,563,005
Services	1,565,977	1,506,826
Purchased transportation	5,048,351	5,189,752
Insurance	385,278	402,633
Other	135,674	66,272
Utilities	246,466	266,807
Taxes	306,897	276,464
Leases and rentals	37,396	33,199
Depreciation	4,696,375	3,849,099
Total Operating Expenses	<u>34,011,443</u>	<u>33,169,910</u>
Operating Loss	(29,294,251)	(28,414,101)
Nonoperating Revenues (Expenses)		
Federal operating assistance	4,003,292	4,919,543
State and local operating assistance	20,060,073	19,167,173
Advertising revenue	504,952	515,468
Interest income	24,360	23,753
Other revenue	122,309	174,759
Interest expense	(456)	-
Loss on disposal of capital assets	(7,230)	(19,185)
Total Nonoperating Revenues	<u>24,707,300</u>	<u>24,781,511</u>
Net Loss Before Capital Contributions	(4,586,951)	(3,632,590)
Capital Contributions		
Grants restricted for capital expenditures (Note 3)	2,380,940	18,721,651
Increase (Decrease) in Net Assets	(2,206,011)	15,089,061
Total Net Assets, Beginning of Year	<u>38,800,655</u>	<u>23,711,594</u>
Total Net Assets, End of Year	<u>\$ 36,594,644</u>	<u>\$ 38,800,655</u>

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

DRAFT

CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 4,777,047	\$ 4,623,669
Payments to employees (salaries and benefits)	(18,742,519)	(19,267,158)
Payments to suppliers	(10,989,365)	(10,269,197)
Net Cash Used by Operating Activities	<u>(24,954,837)</u>	<u>(24,912,686)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal operating grants	4,003,292	4,919,543
State and local operating grants	21,810,890	20,072,485
Other noncapital revenue	627,261	606,227
Net Cash Provided by Noncapital Financing Activities	<u>26,441,443</u>	<u>25,598,255</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest expense	(456)	-
Proceeds from sale of property and equipment	-	84,000
Capital grants received	1,789,903	18,586,607
Expenditures for capital asset purchases	(2,380,940)	(18,701,296)
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(591,493)</u>	<u>(30,689)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	24,360	23,753
Net Increase in Cash and Cash Equivalents	919,473	678,633
Cash and Cash Equivalents, Beginning of Year	6,038,975	5,360,342
Cash and Cash Equivalents, End of Year	<u>\$ 6,958,448</u>	<u>\$ 6,038,975</u>

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

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
STATEMENTS OF CASH FLOWS (Continued)  
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	2011	2010
Operating Loss	\$ (29,294,251)	\$ (28,414,101)
Adjustments to Reconcile Net Operating Loss to		
Net Cash Used by Operating Activities:		
Depreciation	4,696,375	3,849,099
Changes in assets and liabilities:		
Decrease (Increase) in receivables	59,855	(132,140)
(Increase) in materials and supplies	(24,247)	(93,852)
(Increase) in prepaid expenses	(13,607)	(38,648)
(Decrease) in accounts payable	(65,342)	(17,891)
(Decrease) in other liabilities	(313,620)	(65,153)
	\$ (24,954,837)	\$ (24,912,686)

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

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010**

**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 Authority is governed by a Board of Directors composed of representatives of the member jurisdictions, which include the Cities of Clayton, Concord, Lafayette, Martinez, Orinda, Pleasant Hill, San Ramon, 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 of Directors 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 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 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 have 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 now includes capital grants in the determination of net income resulting in an increase in net revenue of \$2,380,940 and \$18,721,651 for the fiscal years ended June 30, 2011 and 2010, respectively.

Contributed capital and reserved retained earnings are presented in the net asset section as invested in capital assets, net of related debt and unrestricted net assets.

**Net Assets**

Net assets represent the residual interest in the Authority's assets after liabilities are deducted. Net assets are presented in three broad components: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets invested in capital assets, net of related debt include capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Net assets are restricted when constraints are imposed by third parties or by law through constitutional provisions or enabling legislation. All other net assets are unrestricted.



**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)A. Basis of Accounting and Presentation (Continued)**Proprietary Accounting and Financial Reporting**

As required under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority will continue to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. The Authority also applies all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

**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 fund's 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 accounting principles generally accepted in the United States of America 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 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 purpose of the Statements 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, 2011, 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 assets – invested in capital assets, net of related debt after being charged to operations.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)E. Capital Assets (Continued)

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 Revenue

The Authority reports deferred revenue in its financial statements. Deferred revenues arise when resources are recovered by the Authority before it has legal claim to them.

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 and claims in excess of \$1,000,000 are insured with excess insurance purchased through California Transit Systems Joint Powers Insurance Authority (CalTIP) up to \$20 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, including incurred but not reported claims.

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 complying 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 expenditure is incurred. Grants received in excess of allowable expenditures are recorded as deferred revenue (refer to Notes 6 and 12).

I. Pension Costs

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

J. Compensated Absences

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

K. Funding Sources/Programs**Transportation Development Act (TDA)**

The Local Transportation Fund was created under the Transportation Development Act (TDA) to collect ¼ cent of the State's 7 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 to the Authority for specific transportation purposes.

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

K. Funding Sources/Programs (Continued)

**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 Transportation Assistance**

Federal Transportation Assistance represents funding from the Federal Transit Administration (FTA) within the U.S. Department of Transportation to assist local transportation needs.

**Bay Area Air Quality Management District (AB434 funds)**

This is a federal grant program, passed through the California Department of Transportation, to reduce highway congestion and improve air quality. The program provides for matching requirements of 88.53% federal funding and 11.47% state funding.

**Measure J Funds**

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

L. Date of Management's Review

Subsequent events were evaluated through January \_\_\_\_, 2012, which is the date the financial statements were available to be issued.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

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

	2011	2010
Cash on hand	\$ 530	\$ 530
Cash in banks	707,409	969,165
Investments	6,250,509	5,069,280
	\$ 6,958,448	\$ 6,038,975

**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	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Negotiable Certificates of Deposit*	5 years	30%	None
County Pooled Investment Funds	N/A	100%	None
Local Agency Investment Fund (LAIF)	N/A	None	None

\* 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.

**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:

2011		<u>Remaining Maturity (in Months)</u>			
<u>Investment Type</u>	<u>Amount</u>	<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
LAIF	\$ 6,250,509	\$ 6,250,509	\$ -	\$ -	\$ -

2010		<u>Remaining Maturity (in Months)</u>			
<u>Investment Type</u>	<u>Amount</u>	<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
LAIF	\$ 5,069,280	\$ 5,069,280	\$ -	\$ -	\$ -

**NOTE 2 – CASH AND CASH EQUIVALENTS** (Continued)Cash on Hand and Cash in Banks (Continued)**Disclosures 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, 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:

2011		Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End		
Investment Type	Amount			AAA	Aa	Not Rated
LAIF	\$ 6,250,509	N/A	\$ -	\$ -	\$ -	\$ 6,250,509

2010		Minimum Legal Rating	Exempt From Disclosure	Rating as of Year End		
Investment Type	Amount			AAA	Aa	Not Rated
LAIF	\$ 5,069,280	N/A	\$ -	\$ -	\$ -	\$ 5,069,280

**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: \$1,465,632 and \$2,045,707 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, 2011 and 2010, respectively.

**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, 2011 or 2010.

**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 years ended June 30 is as follows:

	<u>2011</u>	<u>2010</u>
Federal grants	\$ 1,047,711	\$ 14,814,721
State grants	745,306	3,472,431
TDA (local transportation grants)	<u>587,923</u>	<u>434,499</u>
Total Capital Assistance	<u>\$ 2,380,940</u>	<u>\$ 18,721,651</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 of Contra Costa and are allocated based on annual claims filed by the Authority and approved by the Metropolitan Transit Commission (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 years ended June 30, 2011 and 2010, were \$6,942 and \$9,263, respectively. For the years ended June 30, 2011 and 2010, the Authority's maximum TDA assistance eligibility was \$9,994,707 and \$12,587,281, respectively.

During the fiscal years ended June 30, 2011 and 2010, the Authority earned \$4,174,485 and \$4,196,924, respectively, of Measure J (2011) and Measure J (2010) 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 new routes and supplemental service for existing routes that serve local San Francisco Bay Area Rapid Transit District stations.

Federal operating assistance funds have also been received pursuant to Sections 8 and 9 of the Urban Mass Transportation Act of 1974 (now FTA). These funds are apportioned to the local urbanized area and allocated to individual transit operators by MTC after FTA approval. Expenditures of federal operating assistance funds are subject to final audit and approval by MTC and FTA.

**NOTE 5 – CAPITAL ASSETS AND DEPRECIATION**

Capital assets activity at June 30 is shown below:

June 30, 2011

	Balance June 30, 2010	Reclass and Other Adjustments	Additions	Deletions	Balance June 30, 2011
<b>Capital Assets Not Being Depreciated:</b>					
Construction in process	\$ 1,619,465	\$ (1,390,254)	\$ 18,537	\$ -	\$ 247,748
Land	2,704,785	-	-	-	2,704,785
<b>Total Capital Assets Not Being Depreciated</b>	<b>4,324,250</b>	<b>(1,390,254)</b>	<b>18,537</b>	<b>-</b>	<b>2,952,533</b>
<b>Capital Assets Being Depreciated:</b>					
Land Improvements	2,082,817	4,609	-	-	2,087,426
Shop, office, other equipment and service vehicles	6,121,883	(4,609)	304,044	199,295	6,222,023
Buildings and structures	12,365,099	1,390,254	1,674,435	-	15,429,788
Revenue vehicles	51,849,967	-	300,152	-	52,150,119
<b>Total Capital Assets Being Depreciated</b>	<b>72,419,766</b>	<b>1,390,254</b>	<b>2,278,631</b>	<b>199,295</b>	<b>75,889,356</b>
<b>Less Accumulated Depreciation for:</b>					
Land Improvements	2,078,562	4,609	426	-	2,083,597
Shop, office, other equipment and service vehicles	4,996,569	(4,609)	348,580	187,682	5,152,858
Buildings and structures	8,775,361	-	573,397	-	9,348,758
Revenue vehicles	23,378,826	-	3,773,972	-	27,152,798
<b>Total Accumulated Depreciation</b>	<b>39,229,318</b>	<b>-</b>	<b>4,696,375</b>	<b>187,682</b>	<b>43,738,011</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>33,190,448</b>	<b>1,390,254</b>	<b>(2,417,744)</b>	<b>11,613</b>	<b>32,151,345</b>
<b>Total Capital Assets, Net</b>	<b>\$ 37,514,698</b>	<b>\$ -</b>	<b>\$ (2,399,207)</b>	<b>\$ 11,613</b>	<b>\$ 35,103,878</b>

Depreciation expense for the year ended June 30, 2011, was \$4,696,375.

June 30, 2010

	Balance June 30, 2009	Reclass and Other Adjustments	Additions	Deletions	Balance June 30, 2010
<b>Capital Assets Not Being Depreciated:</b>					
Construction in process	\$ 466,607	\$ -	\$ 1,152,858	\$ -	\$ 1,619,465
Land	2,704,785	-	-	-	2,704,785
<b>Total Capital Assets Not Being Depreciated</b>	<b>3,171,392</b>	<b>-</b>	<b>1,152,858</b>	<b>-</b>	<b>4,324,250</b>
<b>Capital Assets Being Depreciated:</b>					
Land Improvements	2,078,562	-	4,255	-	2,082,817
Shop, office, other equipment and service vehicles	7,058,388	(293,513)	325,108	968,100	6,121,883
Buildings and structures	12,006,866	293,513	65,224	504	12,365,099
Revenue vehicles	44,856,760	-	17,153,851	10,160,644	51,849,967
<b>Total Capital Assets Being Depreciated</b>	<b>66,000,576</b>	<b>-</b>	<b>17,548,438</b>	<b>11,129,248</b>	<b>72,419,766</b>
<b>Less Accumulated Depreciation for:</b>					
Land Improvements	2,078,562	-	-	-	2,078,562
Shop, office, other equipment and service vehicles	5,687,980	(84,214)	332,587	939,784	4,996,569
Buildings and structures	8,229,344	84,214	461,803	-	8,775,361
Revenue vehicles	30,479,608	-	3,054,709	10,155,491	23,378,826
<b>Total Accumulated Depreciation</b>	<b>46,475,494</b>	<b>-</b>	<b>3,849,099</b>	<b>11,095,275</b>	<b>39,229,318</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>19,525,082</b>	<b>-</b>	<b>13,699,339</b>	<b>33,973</b>	<b>33,190,448</b>
<b>Total Capital Assets, Net</b>	<b>\$ 22,696,474</b>	<b>\$ -</b>	<b>\$ 14,852,197</b>	<b>\$ 33,973</b>	<b>\$ 37,514,698</b>

Depreciation expense for the year ended June 30, 2010, was \$3,849,099.

**NOTE 6 – DEFERRED REVENUE (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. 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 Public Transportation Modernization, Improvement and Service Enhancement Account (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, 2011, the Authority received funds of \$67,115 for construction of the Martinez bus stop project, and interest of \$8,935 from the State's PTMISEA account for construction at a transportation center at Diablo Valley Community College and Pacheco, and Martinez bus stop project. As of June 30, 2011, there were \$597,358 of expenditures incurred related to the Diablo Valley Transit Center. The remaining proceeds of \$1,463,445, which includes accrued interest, was deferred as shown in the schedule below. Qualifying expenditures must be encumbered within three years from the date of the allocation and expended within three years from the date of the encumbrance.

	2011	2010
Deferred revenue, beginning of year	\$ 1,984,753	\$ 1,169,459
Proposition 1B (PTMISEA) funds allocated	67,115	2,771,591
Proposition 1B (PTMISEA) interest earned	8,935	19,297
Proposition 1B (PTMISEA) expenditures	<u>(597,358)</u>	<u>(1,975,594)</u>
Deferred revenue, end of year	<u>\$ 1,463,445</u>	<u>\$ 1,984,753</u>

**NOTE 7 – EMPLOYEES' RETIREMENT PLAN**

Plan Description

The Authority's defined benefit pension plan, the Public Employees' Retirement Fund, provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The Public Employees' Retirement Fund is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by state statutes within the Public Employees' Retirement Law. The Authority selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy

The contribution rate for plan members in CalPERS 2.0% at 60 Retirement Plan is 7% of their annual covered salary. The Authority's policy is to pay one-half of the non-management employees' 7% contribution and the full 7% for management employees.

Employers are required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The Authority's required employer contribution rate for fiscal 2010-11 was 4.874%. The funded ratio of the plan is 113.3% as of the June 30, 2008, actuarial valuation, meaning the plan can fully cover 100% of the covered employees and has excess funding available. The contribution requirements of the plan members are established by state statute and the employer contribution rate is established and may be amended by CalPERS.



**NOTE 7 – EMPLOYEES' RETIREMENT PLAN** (Continued)

Annual Pension Cost

For fiscal year 2010-11, the Authority's annual required pension cost was \$608,417 and the Authority actually contributed \$608,417. The plan is currently overfunded and the required contribution for fiscal year 2010-11 was determined as part of the June 30, 2008, actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses) and (b) projected salary increases that vary by duration of service ranging from 3.25% to 14.45% for miscellaneous members. Both (a) and (b) include an inflation component of 3.00%. The actuarial value of the plan's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a fifteen year period depending on the size of investment gains and/or losses. The plan's excess assets are being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2011, was 31 years.

Three-Year Trend Information for the Plan

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2009	\$ 729,611	100.0%	\$ -
6/30/2010	\$ 606,714	100.0%	\$ -
6/30/2011	\$ 608,417	100.0%	\$ -

Required Supplementary Information - Funded Status of Plan

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded/ (Overfunded) Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/2004	\$ 35,675,543	\$39,040,988	\$ (3,365,445)	109.4%	\$11,906,365	(28.30%)
6/30/2005	\$ 38,279,038	\$42,339,802	\$ (4,060,764)	110.6%	\$11,816,647	(34.40%)
6/30/2006	\$ 42,003,073	\$48,704,733	\$ (6,701,660)	116.0%	\$12,552,065	(53.39%)
6/30/2007	\$ 45,146,830	\$50,768,851	\$ (5,622,021)	129.1%	\$13,199,584	(42.59%)
6/30/2008	\$ 49,153,981	\$55,087,230	\$ (5,933,249)	113.3%	\$14,374,317	(41.28%)

**NOTE 8 – RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to tort; 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 the California Transit Systems Joint Powers Insurance Authority (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 \$20 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

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.

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

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 \$86,095 and \$109,565 at June 30, 2011 and 2010, respectively, 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 financial statements indicates that it is probable that a liability has been incurred at the date of the 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 Local Agency Workers' Compensation Excess (LAWCX), a joint powers agency (risk sharing pool) established in 1992 as a state-wide joint powers authority of 35 members consisting of 22 municipalities, 11 joint powers authorities and 2 special districts. 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 is a member of an excess insurance pool, California State Association of Counties (CSAC), which provides coverage for claims up to \$45 million per each occurrence.

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 \$985,497 and \$1,078,807 at June 30, 2011 and 2010, respectively, 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 financial statements indicates that it is probable that a liability has been incurred at the date of the 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 of Directors as a reserve against future unanticipated operating and capital funding shortfalls. As of June 30, 2011 and 2010, this fund, including accrued interest, totaled \$1,426,233 and \$1,419,015, respectively.

**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 both reported actual and estimated incurred but not reported claims. The reserve for public liability and property damage as of June 30, 2011 and 2010, totaled \$86,095 and \$109,565, respectively, and for the workers' compensation totaled \$985,497 and \$1,078,807, respectively.

**NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

Plan Description

The Authority's Healthcare Insurance Benefits Program is a defined benefit post-employment healthcare plan in which retirees are eligible to participate. Benefits are provided through the CalPERS Health Benefits Program for all administrative employees and transit operators who retire from the Authority at or after age 50 with at least 5 years of service. As of June 30, 2011, the Authority had 115 retirees, of which 36 participate in the health benefits program. 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.

Annual OPEB Cost and Net OPEB Obligation

The Authority's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. For fiscal year 2010-11, the Authority's annual OPEB cost was \$233,920. The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2011 and 2010, were as follows:

	2011	2010
Annual required contribution	\$ 234,346	\$ 234,346
Interest on net OPEB obligation	880	24,556
Adjustments to annual required contribution	(1,306)	(36,455)
Annual OPEB cost	233,920	222,447
Contributions made	(233,307)	(527,950)
Adjustment to convert from pay-as-you-go to an irrevocable OPEB trust	-	(300,457)
Change in net OPEB obligation (asset)	613	(605,960)
Net OPEB obligation (asset) - beginning of year	11,350	617,310
Net OPEB obligation (asset) - end of year	\$ 11,963	\$ 11,350

During fiscal year 2010, the Authority enabled an irrevocable trust to secure OPEB contributions for beneficiaries. Due to this change, coupled with prefunding of the trust during the 2010 fiscal year, caused a positive change in the new OPEB obligation of approximately \$300,000.

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year 2011 and the two preceding years are as follows:

Year Ended June 30,	Annual OPEB Cost	Actual Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net Ending OPEB Obligation (Asset)
2009	\$ 697,048	\$ 79,738	11.44%	\$ 617,310
2010	\$ 222,447	\$ 527,950	237.34%	\$ 11,350
2011	\$ 233,920	\$ 233,307	99.74%	\$ 11,963

## **NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS** (Continued)

### Funding Policy, Funded Status and Funding Progress

The Authority's required contribution for 2010-11 was based on fully funded financing requirements. For fiscal year 2010-11, the Authority contributed \$233,307 to the plan.

As of July 1, 2009, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$4,534,658, of which \$4,242,352 was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$15,219,990, and the ratio of the unfunded actuarial accrued liability (UAAL) to covered payroll was 29.79%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and probabilities about the occurrence of future events far into the future. Amounts determined regarding the funded status of a plan and the annual required contributions of the Authority are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress presented as required supplementary information following the notes to the financial statements, will present multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

### Actuarial Methods and Assumptions

Calculations of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations.

The actuarial assumptions used for rates of employee turnover, retirement and mortality, as well as economic assumptions regarding healthcare inflation and interest were based on a standard set of actuarial assumptions modified as appropriate for the Authority. Participation in post-employment benefits was based on Authority experience. Healthcare inflation rates are based on actuarial analysis of recent Authority experience and actuarial knowledge of the general healthcare environment. Discount rates were assumed between 5.0% and 7.75%. Healthcare costs were assumed to decrease by 0% per year. The Authority's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis over 30 years. The remaining amortization period as of June 30, 2011, was 29 years.

## **NOTE 12 – TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS**

The Authority received TDA funds under Article 4 and 4.5 (two subsections: 99260(a) and 99275) of the TDA for the fiscal years ended June 30, 2011 and 2010. 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 Contra Costa County's Local Transportation Fund (LTF).

**NOTE 12 – TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS** (Continued)

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

	2011	2010
LTF Allocations for Public Transportation Services:		
99260(a)	\$ 11,281,351	\$ 14,007,798
Less: applicable expenses	(9,530,534)	(11,971,686)
Unused portion to revert back to (balance due from) Contra Costa County's LTF (Current Year)	1,750,817	2,036,112
Prior year unused portion not returned	2,036,112	-
Total Unused Portion to Revert Back to Contra Costa County's LTF	\$ 3,786,929	\$ 2,036,112
LTF Allocations for Community Transit Services:		
99275 and 99260(A)	\$ 464,173	\$ 615,595
Less: applicable expenses	(464,173)	(615,595)
Unused portion to revert back to Contra Costa County's LTF	-	-
Due Back	3,786,929	2,036,112
Due Back (From) MTC	-	-
Net Due Back	\$ 3,786,929	\$ 2,036,112

**NOTE 13 – 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.

The deferred compensation plan is administered by an unrelated financial institution. Under the terms of IRC Section 457 deferred compensation plan, 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.

**NOTE 14 – FUTURE GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS**

Recently, the GASB issued several GASB statements as follows:

**GASB Statement No. 61** - *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34* modifies a number of provisions with regard to reporting of component units within a financial reporting entity. The Authority has determined that is not applicable to the Authority's financial statements.

**NOTE 14 – FUTURE GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS**  
(Continued)

**GASB Statement No. 62** - *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements* incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. The statement is effective for periods beginning after December 15, 2011.

However, as the statement codifies what is in current practice, there is no net effect on the Authority's accounting or financial reporting upon the statement's implementation, unless removing the GASB Statement No. 20 election to follow FASB statement's not in conflict, in which case "except for removal of the disclosure of the election made by the Authority to follow FASB, AICPA, and other statements not in conflict with GASB statements."

**GASB Statement No. 63** - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* modifies current financial reporting of those elements. The largest change will be the replacement of the current Statement of Net (Plan if retirement entity) Assets with a Statement of Net (Plan) Position and a Statement of Changes in Net Position instead of the current Statement of Changes in (Plan) Net Assets upon implementation for periods beginning after December 15, 2011. The Authority has determined that is not applicable to the Authority's financial statements.

**GASB Statement No. 64** - *Derivative Instruments: Application of Hedge Accounting Termination Provisions* amends current accounting and financial reporting related to terminations of swap agreements due to default or other termination events. In certain instances where swap counterparties or credit support providers are replaced, hedge accounting may continue, rather than cease. The provisions of GASB Statement No. 64 are effective for financial statements beginning after June 15, 2011. As of the date of the basic financial statements, the Authority has not made an assessment of any changes that will occur upon this statement's implementation.

**REQUIRED SUPPLEMENTARY INFORMATION**

CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
 SCHEDULE OF FUNDING PROGRESS  
 POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS  
 JUNE 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a)/c]
7/1/2008	\$ -	\$ 10,141,492	\$ 10,141,492	0.00%	\$ 15,578,722	65.10%
7/1/2009	\$ -	\$ 4,534,658	\$ 4,242,352	93.55%	\$ 15,219,990	27.87%



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**SUPPLEMENTARY SCHEDULE AND OTHER REPORTS**

CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2011

Federal Grantor/Program Title	Federal CFDA Number	Grant Expenses
U.S. DEPARTMENT OF TRANSPORTATION		
Direct Programs:		
Federal Transit Administration (FTA)		
Rail and Transit Security Grant Program	97.075	
Grant 2007-RL-T7-K001 - Transit Security Grant Program		\$ 242,500
Grant 2006-RL-T6-0001 - Transit Security Grant Program		77,320
		<u>319,820</u>
Total Rail and Transit Security Grant Program		319,820
FTA Capital and Operating Assistance Grants	20.507	
Grant CA-96-X036-02 - Operating Preventive Maintenance (ARRA Funds)		810,678
Grant CA-90-Y723-01 - Capital and Operating		36,560
Grant CA-90-Y723-02 - Capital and Operating		997,215
Grant CA-90-Y576-00 - Capital and Operating		16,183
Grant CA-90-Y605-00 - Capital and Operating		73,853
Grant CA-90-Y037-00 - Capital and Operating		37,085
Grant CA-90-Y836-00 - Capital and Operating		359,871
Grant CA-90-Y836-01 - Capital and Operating		704,352
Grant CA-90-Y890-01 - Capital and Operating		1,757,609
Grant CA-90-Y269-01 - Capital and Operating		137,164
Grant CA-37-X136-01 - Capital and Operating		126,581
Grant CA-04-0103-01 - Capital and Operating		394,510
		<u>5,451,661</u>
Total Capital and Operating Assistance Grants		5,451,661
Total FTA Grants		<u>\$ 5,771,481</u>

See accompanying notes to schedule of federal financial assistance.

CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2011

**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. Federal financial assistance is received directly from the 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.

**INDEPENDENT AUDITOR'S REPORT ON TRANSPORTATION  
DEVELOPMENT ACT COMPLIANCE**

To the 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) as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated December 8, 2011.

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

Compliance with laws, regulations, contracts and grants applicable to the Authority is the responsibility of the management of the Authority. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Authority's compliance with certain provisions of the Transportation Development Act and the allocation instructions and resolutions of the Metropolitan Transportation Commission required by Section 6667 of Title 21, Chapter 3, Subchapter 2, Article 5.5 of the California Code of Regulations. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. 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* and the Transportation Development Act.

This report is intended for the information of local, state, and federal governmental control agencies and the Authority's Board of Directors and management. However, this report is a matter of public record and its distribution is not limited.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

Bakersfield, California  
December 8, 2011

**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 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) as of and for the year ended June 30, 2011, and have issued our report thereon dated December 8, 2011. 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.

Internal Control Over Financial Reporting

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

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatements, 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 determination of financial statement amounts. 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 or other matters that are required to be reported under *Government Auditing Standards*.

Also as part of our audit, we performed tests of compliance to determine whether certain state bond 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. 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 Public Transportation Modernization, Improvement and Service Enhancement Account (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 replacements.

During the fiscal year ended June 30, 2011, the Authority applied for and received proceeds of \$300,953, including interest of \$8,935 from the State's PTMISEA account for the purpose of transit fleet rehabilitation. As of June 30, 2011, PTMISEA funds received and expended were verified in the course of our audit as follows:

Balance – beginning of the year	\$ 1,984,753
Proceeds received:	
PTMISEA	67,115
Interest earned	8,935
Expenditures incurred:	
Transit center development	<u>597,358</u>
Unexpended proceeds, June 30, 2011	<u>\$ 1,463,445</u>

We also noted other matters involving internal control over financial reporting that we have reported to management of the Authority in a separate letter dated December 8, 2011.

This report is intended solely for the information and use of the Authority's management, the Board of Directors, the U.S. Department of Transportation, the Metropolitan Transportation Commission, federal agencies and the State Controller's Office and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

Bakersfield, California  
December 8, 2011

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors  
Central Contra Costa Transit Authority  
Concord, California

Compliance

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) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2011. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed one instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompany schedule of findings and questioned costs as item 2011-1.

## Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Authority's response and, accordingly, we express no opinion on the response.

## Schedule of Expenditures of Federal Awards

We have audited the financial statements of the Authority, as of and for the year ended June 30, 2011, and have issued our report thereon dated December 8, 2011. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, and is not a required part of the financial statements of the Authority. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended for the information of the Authority's management, the Board of Directors, the U.S. Department of Transportation, the Metropolitan Transportation Commission, federal agencies and the State Controller's Office. However, this report is a matter of public record and its distribution is not limited.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

Bakersfield, California  
December 8, 2011



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**FINDINGS AND QUESTIONED COSTS SECTION**

CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 JUNE 30, 2011

Section I – Summary of Auditor’s Results

A. Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? No

Deficiencies and significant deficiencies identified not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

B. Federal Awards

Internal control over major programs:

Material weaknesses identified? No

Deficiencies and significant deficiencies identified not considered to be material weaknesses? No

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)? Yes, see item 2011-1

C. Identification of major programs

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
CFDA Number 20.507	Capital and Operating Assistance Formula Grants
CFDA Number 97.075	Rail and Transit Security Grant Program
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Audit Findings and Questioned Costs

None.

Section III – Federal Awards Findings and Questioned Costs

Finding 2011-1 – Quarterly Narrative Reports

Criteria

Proper review by another individual is essential to ensure Quarterly Narrative Reports are accurate.

Condition

During our review of the Quarterly Narrative Reports, we noted two grants contained adjustments due to prior errors in reporting. Upon inquiry, we noted the reports are not reviewed or approved by an individual other than the preparer prior to submission.

Effect

Adjustments due to previous errors are causing an overstatement in the current year Quarterly Narrative Reports.

Cause

Lack of review by an individual independent of preparation.

Recommendation

The Authority should implement a procedure for a second responsible individual to review and approve quarterly reports to ensure proper input by the preparer.

Management Response

The Quarterly Narrative Reports will be reviewed in the future.

Section IV – Summary of Prior Audit (June 30, 2010) Findings and Current Year Status

Finding 2010-1 – Quarterly Narrative Reports

Criteria

Proper review by another individual is essential to ensure Quarterly Narrative Reports are accurate.

Condition

During our review of the Quarterly Narrative Reports, we noted one of the quarterly reports contained an error due to a rejected drawdown request. Upon inquiry, we noted the reports are not reviewed or approved by an individual other than the preparer prior to submission.

Effect

Echo claim was entered twice causing an overstatement in the Quarterly Narrative Report of approximately \$3 million.

Cause

Lack of review by an individual independent of preparation.

Recommendation

The Authority should implement a procedure for a second responsible individual to review and approve quarterly reports to ensure proper input by the preparer.

Management Response

The Grants and Procurement Manager prepares quarterly reports for a total of 8 open federal grants. On one quarterly report, he reported more federal expenditures than actually occurred. This error was due to including a rejected drawdown request; when notified of the rejection, he successfully drew down the funds. The error could have been eliminated if he had simply written "rejected" on the original request so it wouldn't have been included in the quarterly report total.

When this was discovered, the FTA was notified and we were told simply to adjust the amount on the next quarterly report.

The Authority believes that this was an unusual occurrence. It has not happened in the past nor is it likely to happen in the future. Furthermore, the best person to catch a mistake is the person most familiar with the federal programs.

The Grants and Procurement Manager will be more diligent in the future in preparing the quarterly reports.

Current Year Status

Nothing implemented.

**Inter Office Memo****To:** Administration and Finance Committee**Date:** December 27, 2011**From:** Anne Muzzini, Director of Planning and Marketing**Reviewed By:** *AMM***SUBJECT: Fare Increase Timing**

**SUMMARY OF ISSUES:** CCCTA is due for a fare increase in the next year or two in order to keep up with inflation and maintain the farebox recovery ratio. Some of the budget projections developed in the past year have assumed the increase will occur in FY 2011-12. The short range transit plan shows a fare increase in FY 2012-13 that would increase the average fare from \$1.29 to \$1.35 per passenger and generate \$200,000 additional revenue.

For several reasons staff recommends that there not be a fare increase this year (FY 11-12):

- Ridership remains flat and a fare increase will reduce ridership further
- Due to cost containment measures the farebox recovery ratio actually went up from FY 2009/10 to 2010/11 (17.2% to 17.3%)
- Implementation of Clipper at CCCTA is projected to be in 18 to 24 months away and changes to multi ride fare instruments are a likely result. Bundling a fare increase with changes to the multi ride fare instruments is logical.

**RECOMMENDATIONS:** Staff recommends that the Committee defer consideration of a fare increase for another year.

**FINANCIAL IMPLICATIONS:** A fare increase is projected to generate \$200,000 a year if there is no drop in ridership.

**OPTIONS:**

1. Support staff recommendation
2. Other action as determined by the Committee

# The County Connection

December 27, 2011

TO: ADMINISTRATION AND FINANCE COMMITTEE  
 FROM: KATHY CASENAVE, DIRECTOR OF FINANCE

REVIEWED: *PK*

**SUBJECT: REVISED 5 YEAR FORECAST- TWO SCENARIOS**

The attached REVISED forecasts are submitted for your review. Because of the unpredictability of the revenues, staff is presenting a 5 year revised forecast rather than a 10 year revised forecast.

**Both forecasts incorporate the following changes from the June 2011 forecast:**

#### Actual FY 2011 Revenue and Expenses.

- +\$ 447,000 FY 2011 TDA revenue was more than projected in June forecast.
- +\$ 159,000 Other FY 2011 revenue was more than projected.
- +\$1,200,000 FY 2011 expenses were less than projected. The largest variances were workers compensation expense, which was \$568k under budget and Paratransit purchased transportation, which was \$416,000 under budget.
- +\$1,806,000 Increase in TDA reserve due to FY 2011 actuals**

#### FY 2012 Changes.

- +\$1,011,000 Federal preventive maintenance revenue. The closeout of an old federal grant and additional federal revenue available from FY 2011 grant will be used for operations. This supplants TDA revenue that was earmarked for operations.
- +\$ 238,000 FY 2012 TDA revenue is projected to be at least the same as FY 2011.
- +\$ 903,000 Reduction in estimated expenses- \$550,000 for contingency and most of the balance is a lower estimate in Paratransit purchased transportation expense.
- \$ 255,000 Reduction in other revenues, mainly Life Line grants.
- \$ 920,000 TDA revenue to be used for FY 2012 capital projects. The additional federal preventive maintenance revenue freed up operational revenue.
- + 977,000 Increase in TDA reserve due to revised FY 2012 estimates**
- \$2,783,000 Total Increase in TDA reserve due to changes in FY 2011 & FY 2012**

**Changes in the out years for both scenarios-**

- The OPEB trust annual contribution has been increased by \$100,000 for each year. A new actuarial study is being prepared but is not complete.
- PERS employer rate has been decreased due to projections in the October 2011 actuarial report. The rates for FY 2014-FY 2016 are estimated to be 5.5%, 5.9% & 6.8%, if the investment rate of return is 2.93%. The prior rates in the forecast were 8.3%, 8.6% & 8.9%.
- Fare increases have been delayed for one year; they are now slated for FYs 2014 and 2017. In a separate memo the Director of Planning and Marketing estimates that the loss of revenue for FY 2013 would be about \$200,000.

**The differences in the two revised forecasts:**

**SCENARIO 1-**

The Contra Costa Transportation Authority revised its Measure J Strategic Plan in July 2011. The projections for sales tax growth for the next five years were reduced- 2.01% in FY 2012, 3.02% for FY 2013-FY 2015, and 4.03% in FY 2016. These growth rates are used for TDA revenue and Measure J revenue in the Scenario 1 forecast.

Modest increases in wages occur in the out years, but no change from the June forecast.

The TDA reserve is projected to be \$278,000 at the end of FY 2016.

**SCENARIO 2-**

No revenue growth in TDA, STA and Measure J.

No wages increases.

The TDA reserve goes negative at the end of FY 2015 by \$673,000 and \$5.6 million at the end of FY 2016.

**ACTION REQUESTED:**

Staff requests that the revised forecasts and staff memo be included in the Board of Directors packet and that the Committee make a recommendation to the Board regarding the fare increase scheduled for the Summer of 2012.

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY**  
**TEN YEAR FORECAST** *In \$ Thousands*

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
<b>Revenue Hours</b>	<b>209,000</b>	<b>209,000</b>	<b>209,000</b>	<b>209,000</b>	<b>209,000</b>	<b>209,000</b>
1 Passenger Fares	3,346	3,367	3,434	3,709	3,783	3,859
2 Special Fares	825	791	807	827	848	869
3 Advertising	504	530	550	570	584	599
4 Investment & Other	146	149	149	149	149	149
5 FTA Sec 8 Planning	-	30	30	30	30	30
6 FTA Preventive Maintenance	2,460	5,269	360	390	397	405
7 Federal Stimulus- Preventive Maintenance	811	-	-	-	-	-
8 MTC STA Augmentation fund	770	-	-	-	-	-
9 STA Population	2,218	2,308	2,308	2,425	2,486	2,548
10 TDA 4.0	8,164	9,266	13,725	13,927	14,871	15,380
11 Measure J	3,245	3,385	3,487	3,592	3,701	3,850
12 BART Express Funds	616	556	556	590	608	626
13 Dougherty Valley dev fees/other	183	225	325	506	25	25
14 Other Local Grants	26	20	20	20	20	20
15 RM2/Meas J- Express	559	145	145	145	145	145
16 Lifeline-CC County	381	355	859	500	515	530
<b>17 Total Fixed Route Operating Revenue</b>	<b>24,255</b>	<b>26,395</b>	<b>26,755</b>	<b>27,380</b>	<b>28,162</b>	<b>29,035</b>
18 Operating Expenses w/o contingency	24,139	26,395	26,755	27,380	28,162	29,035
% increase in expenses		9.3%	1.4%	2.3%	2.9%	3.1%
19 Operating expense contingency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>20 Total Fixed Route Operating Expenses</b>	<b>24,139</b>	<b>26,395</b>	<b>26,755</b>	<b>27,380</b>	<b>28,162</b>	<b>29,035</b>
<b>Revenue Hours</b>	<b>81,000</b>	<b>81,000</b>	<b>81,000</b>	<b>81,000</b>	<b>81,000</b>	<b>81,000</b>
21 Passenger Fares	546	574	574	625	644	663
22 Advertising revenue	1	-	-	-	-	-
23 FTA Section 5307	733	762	777	796	816	837
24 TDA 4.5	464	656	676	696	717	746
25 TDA 4.0	1,367	1,231	1,298	1,464	1,515	1,551
26 Measure J	922	959	988	1,018	1,049	1,091
27 STA Paratransit & Rev based	955	884	884	928	951	975
28 Non Operating revenue	1	-	0	-	-	-
29 Bart ADA service	189	180	170	175	180	186
<b>30 Total Paratransit Operating Revenue</b>	<b>5,177</b>	<b>5,246</b>	<b>5,367</b>	<b>5,704</b>	<b>5,874</b>	<b>6,049</b>
<b>31 Total Paratransit Operating Expenses</b>	<b>5,177</b>	<b>5,246</b>	<b>5,367</b>	<b>5,704</b>	<b>5,874</b>	<b>6,049</b>
% increase in expenses		1.3%	2.3%	6.3%	3.0%	3.0%
<b>32 Total CCCTA Operating Budget</b>	<b>\$ 29,316</b>	<b>\$ 31,641</b>	<b>\$ 32,122</b>	<b>\$ 33,083</b>	<b>\$ 34,036</b>	<b>\$ 35,084</b>



**CENTRAL CONTRA COSTA TRANSIT AUTHORITY**  
**TEN YEAR FORECAST In \$ Thousands**  
*In \$Thousands*

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
<b>Capital Revenue</b>						
33 Federal	\$ -	6,473	4,585	37,504	305	3,139
34 Prop 1B STA rev based	-	2,132	-	1,619	-	-
35 Prop 1B STA pop based	-	1,803	1,185	1,500	365	-
36 Lifeline- 1B pop based bonds	-	-	-	900	-	-
37 State Transportation- 1B security	117	117	117	117	117	117
38 Bridge Toll revenues	-	300	344	2,790	23	245
39 Prior yr leftover funding	-	898	-	-	-	-
40 TDA 4.0	187	920	-	-	-	-
41 To be Determined	-	-	876	2,928	1,044	1,785
<b>43 Total Capital Revenue</b>	<b>304</b>	<b>12,642</b>	<b>7,107</b>	<b>47,358</b>	<b>1,854</b>	<b>5,285</b>

<b>44 Capital</b>	<b>\$ 304</b>	<b>\$ 12,642</b>	<b>\$ 7,107</b>	<b>\$ 47,358</b>	<b>\$ 1,854</b>	<b>\$ 5,285</b>
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*This forecast includes:*

*Unfunded capital projects from FY 2013-2021*

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY**  
TDA RESERVE

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
<b>TDA RESERVE</b>						
45 Beginning Balance	\$ 3,268	\$ 6,616	\$ 8,264	\$ 6,569	\$ 4,908	\$ 2,666
46 Estimated TDA 4.0 Allocation	\$ 13,065	\$ 13,065	\$ 13,328	\$ 13,730	\$ 14,145	\$ 14,572
		0.0%	2.01%	3.02%	3.02%	3.02%
<b>TDA 4.0 Needed for Operations and Capital:</b>						
47 Used for Fixed route operations	(8,164)	(9,266)	(13,725)	(13,927)	(14,871)	(15,380)
48 Used for Paratransit operations	(1,367)	(1,231)	(1,298)	(1,464)	(1,515)	(1,551)
49 TDA used for Operations	(9,531)	(10,497)	(15,023)	(15,391)	(16,387)	(16,930)
50 Used for capital program	(187)	(920)	-	-	-	-
51 <b>Ending TDA Reserve</b>	<b>\$ 6,616</b>	<b>\$ 8,264</b>	<b>\$ 6,569</b>	<b>\$ 4,908</b>	<b>\$ 2,666</b>	<b>\$ 308</b>
52 <b>Ending TDA Reserve, June, 2011 Forecast</b>	<b>4,810</b>	<b>5,481</b>	<b>3,588</b>	<b>2,119</b>	<b>473</b>	<b>(329)</b>

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY**  
**TEN YEAR FORECAST In \$ Thousands**

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
<b>Revenue Hours</b>	<b>209,000</b>	<b>209,000</b>	<b>209,000</b>	<b>209,000</b>	<b>209,000</b>	<b>209,000</b>
1 Passenger Fares	3,346	3,367	3,434	3,709	3,783	3,859
2 Special Fares	825	791	807	827	848	869
3 Advertising	504	530	550	570	584	599
4 Investment & Other	146	149	149	149	149	149
5 FTA Sec & Planning	-	30	30	30	30	30
6 FTA Preventive Maintenance	2,460	5,269	360	390	397	405
7 Federal Stimulus- Preventive Maintenance	811	-	-	-	-	-
8 MTC STA Augmentation fund	770	-	-	-	-	-
9 STA Population	2,218	2,308	2,308	2,308	2,308	2,308
10 TDA 4.0	8,164	9,266	13,827	14,251	15,365	16,084
11 Measure J	3,245	3,385	3,385	3,385	3,385	3,385
12 BART Express Funds	616	556	556	590	608	626
13 Dougherty Valley dev fees/other	183	225	325	506	25	25
14 Other Local Grants	26	20	20	20	20	20
15 RM2/Meas J- Express	559	145	145	145	145	145
16 Lifeline-CC County	381	355	859	500	515	530
<b>17 Total Fixed Route Operating Revenue</b>	<b>24,255</b>	<b>26,395</b>	<b>26,755</b>	<b>27,380</b>	<b>28,162</b>	<b>29,035</b>
<b>18 Operating Expenses w/o contingency</b>	<b>24,139</b>	<b>26,395</b>	<b>26,755</b>	<b>27,380</b>	<b>28,162</b>	<b>29,035</b>
<b>% increase in expenses</b>		<b>9.3%</b>	<b>1.4%</b>	<b>2.3%</b>	<b>2.9%</b>	<b>3.1%</b>
<b>19 Operating expense contingency</b>						
<b>20 Total Fixed Route Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Revenue Hours</b>	<b>81,000</b>	<b>81,000</b>	<b>81,000</b>	<b>81,000</b>	<b>81,000</b>	<b>81,000</b>
21 Passenger Fares	546	574	574	625	644	663
22 Advertising revenue	1	-	-	796	816	837
23 FTA Section 5307	733	762	777	656	656	656
24 TDA 4.5	464	656	656	1,608	1,734	1,864
25 TDA 4.0	1,367	1,231	1,347	959	959	959
26 Measure J	922	959	884	884	884	884
27 STA Paratransit & Rev based	955	884	884	175	180	186
28 Non Operating revenue	1	-	0	-	-	-
29 Bart ADA service	189	180	170	5,704	5,874	6,049
<b>30 Total Paratransit Operating Revenue</b>	<b>5,177</b>	<b>5,246</b>	<b>5,367</b>	<b>5,704</b>	<b>5,874</b>	<b>6,049</b>
<b>31 Total Paratransit Operating Expenses</b>	<b>5,177</b>	<b>5,246</b>	<b>5,367</b>	<b>5,704</b>	<b>5,874</b>	<b>6,049</b>
<b>% increase in expenses</b>		<b>1.3%</b>	<b>2.3%</b>	<b>6.3%</b>	<b>3.0%</b>	<b>3.0%</b>
<b>32 Total CCCTA Operating Budget</b>	<b>\$ 29,316</b>	<b>\$ 31,641</b>	<b>\$ 32,122</b>	<b>\$ 33,083</b>	<b>\$ 34,036</b>	<b>\$ 35,084</b>

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY**  
**TEN YEAR FORECAST In \$ Thousands**  
*In \$Thousands*

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
33 <b>Capital Revenue</b>						
34 Federal	\$ -	\$ 6,473	\$ 4,585	\$ 37,504	\$ 305	\$ 3,139
35 Prop 1B STA rev based	-	2,132	-	1,619	-	-
36 Prop 1B STA pop based	-	1,803	1,185	1,500	365	-
37 Lifeline- 1B pop based bonds	-	-	-	900	-	-
38 State Transportation- 1B security	117	117	117	117	117	117
39 Bridge Toll revenues	-	300	344	2,790	23	245
40 Prior yr leftover funding	-	898	-	-	-	-
41 TDA 4.0	187	920	-	-	-	-
42 To be Determined	-	-	876	2,928	1,044	1,785
<b>43 Total Capital Revenue</b>	<b>304</b>	<b>12,642</b>	<b>7,107</b>	<b>47,358</b>	<b>1,854</b>	<b>5,285</b>
<b>44 Capital</b>	<b>\$ 304</b>	<b>\$ 12,642</b>	<b>\$ 7,107</b>	<b>\$ 47,358</b>	<b>\$ 1,854</b>	<b>\$ 5,285</b>

*This forecast includes:*

*Unfunded capital projects from FY 2013-2021*

CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
TDA RESERVE

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
<b>TDA RESERVE</b>						
45 Beginning Balance	\$ 3,268	\$ 6,616	\$ 8,264	\$ 6,156	\$ 3,361	\$ (673)
46 Estimated TDA 4.0 Allocation	\$ 13,065	\$ 13,065	\$ 13,065	\$ 13,065	\$ 13,065	\$ 13,065
		0.0%	0.00%	0.00%	0.00%	0.00%
<b>TDA 4.0 Needed for Operations and Capital:</b>						
47 Used for Fixed route operations	(8,164)	(9,266)	(13,827)	(14,251)	(15,365)	(16,084)
48 Used for Paratransit operations	(1,367)	(1,231)	(1,347)	(1,608)	(1,734)	(1,864)
49 TDA used for Operations	<b>(9,531)</b>	<b>(10,497)</b>	<b>(15,174)</b>	<b>(15,859)</b>	<b>(17,099)</b>	<b>(17,949)</b>
50 Used for capital program	(187)	(920)	-	-	-	-
51 <b>Ending TDA Reserve</b>	<b>\$ 6,616</b>	<b>\$ 8,264</b>	<b>\$ 6,156</b>	<b>\$ 3,361</b>	<b>\$ (673)</b>	<b>\$ (5,556)</b>
52 <b>Ending TDA Reserve, June, 2011 Forecast</b>	<b>4,810</b>	<b>5,481</b>	<b>3,588</b>	<b>2,119</b>	<b>473</b>	<b>(329)</b>

# The County Connection




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TO: A&F Committee

DATE: November 23, 2011

FROM: Rick Ramacier   
General Manager

SUBJECT: Travel Policy

## Background

For many years, CCCTA has had a board travel policy that allows for each board member to travel to one out of state transit conference and to travel to one in state transit conference each fiscal year. The policy for staff travel has been for staff to travel when it is deemed necessary or clearly beneficial to CCCTA under the direction of the General Manager. Staff travel has also been controlled by the budget.

In late 2008, the board discussed updating the board travel policy in response to CCCTA's financial situation. As a result, the board decided to limit board travel through the budget. Thus, in fiscal year 2009, fiscal year 2010, and fiscal year 2011, the budget allowed only three total CCCTA trips by board members in each of those fiscal years.

For FY 2012, the board decided to provide a budget for up to five board members to during the fiscal year. This was to accommodate travel to the very valuable and useful triennial APTA Expo. Typically, board attendance at the triennial APTA Expo is higher than at other transit conferences. Since Expo is only every three years, it was believed to be a sound decision to budget for more board members to attend.

Thus, in FY12 CCCTA budgeted \$10,000 for board travel as opposed to \$2,000 in FY09, FY10, and, FY11. I anticipate that we will budget \$2,000 for board travel in FY13 as it is not an Expo year.

In terms of an attendance controller, the budget has proven to be effective as a total of four board member attendees went to a total of five conferences - less than one per conference between November 2008 and September 2011.

Staff travel in recent years has been budgeted at \$20,000 annually. A number of CCCTA staff serve on the boards and committees of both state and federal transit associations in critical capacities. This necessitates their travel. Also, much of staff travel facilitates important training and staff improvement that is critical to our success. Staff does not travel on behalf of CCCTA unless a direct benefit(s) to CCCTA can be shown.

## **Travel Policy Update**

Staff believes that controlling board and staff travel has been largely effective through the budget. While concern has been raised regarding the number of board members who attended the recent triennial APTA Expo in New Orleans, it should be noted that the total number of board member trips over the past three years is nine. Moreover, having an appropriate number of board members attend the triennial APTA Expo is both a proven value to both the individual board member as well as CCCTA.

There are ways to tighten the application of the board travel policy through budget by doing the following:

- Set the amount of money to be made available for board travel for the coming fiscal year in the initial draft budget for that fiscal year.
- Have that noted by the Board of Directors prior to budget adoption.
- Maintain the board travel budget at relatively low levels with a modest and justified increase in Expo years or when it is determined that additional board members should go to Washington DC to address explicate and significant federal concerns affecting CCCTA.
- Have the Board Chair – working with the Board Clerk – determine how many board members can travel to certain conferences based on the available budget. Attendees to be selected on a first come, first serve basis.
- The first come, first serve basis will be processed by the Board Clerk.
- The Board Chair and the Vice Chair will have first call to attend any conference that CCCTA deems as important and appropriate for board member attendance.

Another alternate approach is to cap the number of board members that can attend anyone conference. If this approach is used, the number could be set by conference type. For example, CCCTA could set a policy that only X number of board members can travel to the annual APTA Legislative Conference, while Y number can go to the APTA Annual Conference, and Z can go to the triennial APTA Expo. This approach though is less flexible than a budget based process.

## **Action Requested**

At this time, staff is not yet making a formal recommendation. We seek to receive your feedback and discussion of this topic at your meeting on December 2<sup>nd</sup>. Afterwards, staff will develop a specific proposal if desired.

# The County Connection

Inter Office Memo

**TO:** A & F Committee

**DATE:** November 29, 2011

**FROM:** Rick Ramacier *RR*  
General Manager

**SUBJECT:** CCCTA Investment Policy – Quarterly Reporting Requirement

Attached please find CCCTA's Quarterly Investment Policy Reporting Statement for the quarter ending September 30, 2011.

This certifies that the portfolio complies with the CCCTA Investment Policy and that CCCTA has the ability to meet the pool's expenditure requirements (cash flow) for the next six (6) months.





*The County Connection*

## ADMINISTRATION AND FINANCE COMMITTEE

TO: A &amp; F

DATE: December 27, 2011

FROM: Rick Ramacier, General Manager *R. Ramacier***SUBJECT: Small Claims Representation**

**Background:** For several years, we have authorized York Insurance Service Group, Inc (formerly Bragg & Associates) to represent CCCTA in three Small Claims Courts within Contra Costa County (Mt. Diablo Judicial District, Walnut Creek-Danville Judicial District and Delta Judicial District). The Courts require that the Board of Directors pass a new resolution each year to allow this representation to continue.

**Recommendation:** The Administration and Finance Committee recommends that we authorize York Insurance Service Group, Inc to continue to represent CCCTA in small claims actions

**Action Requested:** Recommend the Board of Directors adopt Resolutions which appoint York Insurance Service Group, Inc to represent CCCTA in small claims actions in the Year 2012.

**SPECIAL NOTE:** Taking this action in no way precludes County Connection from taking further action to hire a different Claims Adjuster (including one that would represent us in Small Claims Court), at anytime during the course of the year.