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

Friday, January 11, 2013
9:00 a.m.

The Committee may hear, discuss, deliberate, and/or take action on any item on the agenda

1. Approval of Agenda - Action
2. Public Communication
3. Approval of Minutes of December 7, 2012 Meeting* — Review/Action
4. Closed Session:
   Conference with Labor Negotiator (pursuant to Government Code Section 54957.6)
   Employee Organizations:
   Amalgamated Transit Union, Local 1605
   Teamsters Union, Local 856, AFL-CIO, Transit Supervisors
5. Update on final disposition of CCCTA vs. Kerry Walls — Information
6. FY2012 Audit-Teleconference* — Review/Action
7. PERS Actuarial Valuation, Rate for FY2014* — Review
8. Passengers & Passenger Fare Revenue July-September 2012* — Review
9. CCCTA Income Statement for the Three Months Ended September 30, 2012* — Review/Action
10. Review of Vendor Bills, December 2012** — Review
11. Legal Services Statement, November 2012 General
    October/November 2012 Labor
    November 2012 Paratransit** — Review/Action
12. Adjournment

*Enclosure
**Enclosure for Committee Members

FY 2012/2013
A&F Committee
Al Dessayer, Moraga
Laura Hoffmeister, Concord
Gregg Manning, Clayton

General Information
Public Comment: Each person wishing to address the above named committee is requested to complete a Speaker Card for submittal to the Committee Chair before the applicable agenda item is discussed. **Accessible Public Meetings:** Upon request, CCCTA will provide written agenda materials in appropriate alternative formats, or disability-related accommodations. Please send a written request and description of the requested materials so that it is received by CCCTA at least 48 hours before the meeting convenes. **Requests should be sent to:** Janet Madrigal, Clerk to the Board – CCCTA – Administrative Department, 2477 Arnold Industrial Way, Concord, CA 94520 or madrigal@cccta.org. **Shuttle Service:** With a 24-hour notice, a CCCTA LINK shuttle will be provided from the closest BART station to the meeting location. To arrange for the shuttle, please call Robert Greenwood 925/680-2072.

The County Connection

Inter Office Memo

Administration and Finance Committee
Summary Minutes
December 7, 2012

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 Directors: Al Dessayer
Gregg Manning

Staff: General Manager Rick Ramacier
Director of Planning and Marketing Anne Muzzini

1. Adoption of the Agenda- Approved.
2. Public Communication- None.
3. Summary Minutes of November 1, 2012- Approved.
4. Investment Policy-Quarterly Report - General Manager Ramacier reported that the investment portfolio complied with the Authority's investment policy. The committee reviewed the report. Approved for Board consent calendar.
5. CCCTA Income Statemnet for the Three Months ended September 30, 2012- The committee reviewed the statement and had questions regarding passenger fares and passengers. The questions will be answered at the next meeting.
6. FY 13/14 Transit Capital Priorities Project Submittal- Director Muzzini reported that the Authority will submit bus and Paratransit van replacement projects to the Metropolitan Transportation Commission (MTC) for FY 2013 and FY 2014. MTC requires the CCCTA Board to approve the projects. Approved.
7. Review of Vendor Bills, November 2012- The committee reviewed the vendor bills.
8. Legal Services Statement, September/October, General; August/September, Labor- Approved.
9. Adjournment- The meeting was adjourned. The next meetings will be Friday, Janaury 11 at 9:00 am at the Hanson Bridgett offices in Walnut Creek.

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Rick Ramacier, General Manager

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CENTRAL CONTRA COSTA TRANSIT AUTHORITY

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2012 AND 2011

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CENTRAL CONTRA COSTA TRANSIT AUTHORITY
JUNE 30, 2012 AND 2011

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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, 2012 and 2011, 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 opinions 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 opinions.

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, 2012 and 2011, 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 __________, 2012, 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.

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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. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Bakersfield, California
__________, 2012

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CENTRAL CONTRA COSTA TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012 AND 2011

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 are presented using the direct method and include 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.

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Financial Highlights

- Operating revenues were $4,990,481, while operating expenses were $35,029,344. 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 Authority's Statements of Net Assets as of June 30, 2012, 2011, and 2010 is as follows:

				2012 to 2011 Increase/Decrease		2011 to 2010 Increase/Decrease	
	2012	2011	2010	Amount	%	Amount	%
Current assets	$13,102,958	$10,781,966	$ 9,631,753	$ 2,320,992	21.53%	$ 1,150,213	11.94%
Noncurrent assets - capital assets, net	34,284,379	35,103,878	37,514,698	(819,499)	-2.33%	(2,410,820)	-6.43%
Total assets	$47,387,337	$45,885,844	$47,146,451	$ 1,501,493	3.27%	$ (1,260,607)	-2.67%
Current liabilities	$10,482,988	$ 8,207,645	$ 7,146,074	$ 2,275,343	27.72%	$ 1,061,571	14.86%
Noncurrent liabilities	1,108,922	1,083,555	1,199,722	25,367	2.34%	(116,167)	-9.68%
Total liabilities	$11,591,910	$ 9,291,200	$ 8,345,796	$ 2,300,710	24.76%	$ 945,404	11.33%
Net assets							
Invested in capital assets, net of related debt	$34,284,379	$35,103,878	$37,514,698	$ (819,499)	-2.33%	$ (2,410,820)	-6.43%
Unrestricted net assets	1,511,048	1,490,766	1,285,957	20,282	1.36%	204,809	15.93%
Total net assets	$35,795,427	$36,594,644	$38,800,655	$ (799,217)	-2.18%	$ (2,206,011)	-5.69%

The Authority's decrease in net assets was mainly due to the increase in accumulated depreciation.

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 2012, 2011, and 2010 is as follows:

				2012 to 2011 Increase/Decrease		2011 to 2010 Increase/Decrease	
	2012	2011	2010	Amount	%	Amount	%
Operating revenues	$ 4,990,481	$ 4,717,192	$ 4,755,809	$ 273,289	5.79%	$ (38,617)	-0.81%
Operating expenses	(35,029,344)	(34,011,443)	(33,169,910)	(1,017,901)	2.99%	(841,533)	2.54%
Operating loss	(30,038,863)	(29,294,251)	(28,414,101)	(744,612)	2.54%	(880,150)	3.10%
Nonoperating revenues	24,885,078	24,707,300	24,781,511	177,778	0.72%	(74,211)	-0.30%
Capital contributions	4,354,568	2,380,940	18,721,651	1,973,628	82.89%	(16,340,711)	-87.28%
Increase (decrease) in net assets	$ (799,217)	$ (2,206,011)	$15,089,061	$ 1,406,794	-63.77%	$ (17,295,072)	-114.62%

The largest revenue category listed on the Statements of Revenues, Expenses, and Changes in Net Assets is state and local operating assistance (68% in 2012, 68% in 2011). 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.

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Operating a public transit service is labor intensive. Fifty-four percent (54%) 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:

	2012	2011	2010	2012 to 2011 Increase/ Decrease	2011 to 2010 Increase/ Decrease
Passenger revenue	$ 4,040,761	$ 3,888,089	$ 3,885,782	$ 152,672	$ 2,307
Special transit fares	949,720	829,103	870,027	120,617	(40,924)
Federal operating assistance	3,939,169	4,003,292	4,919,543	(64,123)	(916,251)
State and local operating assistance	20,280,117	20,060,073	19,167,173	220,044	892,900

Capital Assets

As of the end of fiscal year 2012, the Authority's capital assets, before accumulated depreciation, decreased by $1,297,258. The disposal of some old revenue vehicles accounted for the decrease.

Details of the capital assets, net of accumulated depreciation as of June 30, 2012, 2011, and 2010 are as follows:

				2012 to 2011 Increase/(Decrease)		2011 to 2010 Increase/(Decrease)	
	2012	2011	2010	Amount	%	Amount	%
Land and land improvements	$ 4,792,211	$ 4,792,211	$ 4,787,602	$ -	0.00%	$ 4,609	0.10%
Construction in process	306,661	247,748	1,619,465	58,913	23.78%	(1,371,717)	-84.70%
Shop, office, other equipment and service vehicles	6,263,056	6,222,023	6,121,883	41,033	0.66%	100,140	1.64%
Buildings and structures	15,599,189	15,429,788	12,365,099	169,401	1.10%	3,064,689	24.78%
Revenue vehicles	50,587,343	52,150,119	51,849,967	(1,562,776)	-3.00%	300,152	0.58%
Total	77,548,460	78,841,889	76,744,016	(1,293,429)	-1.64%	2,097,873	2.73%
Less accumulated depreciation	(43,264,081)	(43,738,011)	(39,229,318)	473,930	-1.08%	(4,508,693)	11.49%
Net total	$ 34,284,379	$ 35,103,878	$ 37,514,698	$ (819,499)	-2.33%	$ (2,410,820)	-6.43%

Overall Financial Condition

Due to a decrease in sales tax revenue, the 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 that continued during the year and a fare increase. The Authority does not anticipate a need for either a service reduction or fare increase in fiscal year 2013.

Contacting the Authority's Financial Management

The Authority's financial report is designed to provide the Authority's Board of Directors, management, creditors, legislative and oversight agencies, citizens, and customers with an overview of the 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 94520.

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CENTRAL CONTRA COSTA TRANSIT AUTHORITY
STATEMENTS OF NET ASSETS
JUNE 30, 2012 AND 2011

	2012	2011
ASSETS		
Current Assets		
Cash and cash equivalents (Note 2)	$ 9,306,487	$ 6,958,448
Capital and operating grants receivable	2,363,299	2,201,379
Materials and supplies	732,715	780,252
Other receivables, net of allowance ($16,960) and ($18,035)	690,132	659,749
Prepaid expenses and other assets	10,325	182,138
Total Current Assets	13,102,958	10,781,966
Capital assets, net (Note 5)	34,284,379	35,103,878
TOTAL ASSETS	$ 47,387,337	$ 45,885,844
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 1,424,325	$ 818,857
Due to other government, TDA payable (Note 12)	3,324,155	3,786,929
Deferred revenue grants	234,425	234,131
Deferred revenue PTMISEA (Note 6)	3,678,735	1,463,445
Other accrued liabilities	1,821,348	1,904,283
Total Current Liabilities	10,482,988	8,207,645
Long-Term Liabilities		
Self-insurance liabilities (Note 8)	1,105,713	1,071,592
Other post-employment benefits liability (Note 11)	3,209	11,963
Total Long-Term Liabilities	1,108,922	1,083,555
TOTAL LIABILITIES	11,591,910	9,291,200
Net Assets		
Invested in capital assets, net of related debt	34,284,379	35,103,878
Unrestricted	1,511,048	1,490,766
TOTAL NET ASSETS	35,795,427	36,594,644
TOTAL LIABILITIES AND NET ASSETS	$ 47,387,337	$ 45,885,844

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, 2012 AND 2011

	2012	2011
Operating Revenues		
Passenger fares	$ 4,040,761	$ 3,888,089
Special transit fares	949,720	829,103
Total Operating Revenues	4,990,481	4,717,192
Operating Expenses		
Salaries and benefits	18,832,831	18,615,051
Materials and supplies	3,206,531	2,973,978
Services	1,573,363	1,565,977
Purchased transportation	5,191,808	5,048,351
Insurance	415,417	385,278
Other	113,187	135,674
Utilities	233,889	246,466
Taxes	293,854	306,897
Leases and rentals	35,977	37,396
Depreciation	5,132,487	4,696,375
Total Operating Expenses	35,029,344	34,011,443
Operating Loss	(30,038,863)	(29,294,251)
Nonoperating Revenues (Expenses)		
Federal operating assistance	3,939,169	4,003,292
State and local operating assistance	20,280,117	20,060,073
Advertising revenue	537,546	504,952
Interest income	14,988	24,360
Other revenue	100,627	122,309
Interest expense	-	(456)
Gain on sale of capital assets	12,631	(7,230)
Total Nonoperating Revenues	24,885,078	24,707,300
Net Loss Before Capital Contributions	(5,153,785)	(4,586,951)
Capital Contributions		
Grants restricted for capital expenditures (Note 3)	4,354,568	2,380,940
Decrease in Net Assets	(799,217)	(2,206,011)
Total Net Assets, Beginning of Year	36,594,644	38,800,655
Total Net Assets, End of Year	$ 35,795,427	$ 36,594,644

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

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CENTRAL CONTRA COSTA TRANSIT AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 4,960,098	$ 4,777,047
Payments to employees (salaries and benefits)	(18,890,399)	(18,742,519)
Payments to suppliers	(10,239,208)	(10,989,365)
Net Cash Used by Operating Activities	(24,169,509)	(24,954,837)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal operating grants	3,939,169	4,003,292
State and local operating grants	19,817,343	21,810,890
Other noncapital revenue	672,099	627,261
Net Cash Provided by Noncapital Financing Activities	24,428,611	26,441,443
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest expense	-	(456)
Capital grants received	6,428,517	1,789,903
Expenditures for capital asset purchases	(4,354,568)	(2,380,940)
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	2,073,949	(591,493)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	14,988	24,360
Net Increase in Cash and Cash Equivalents	2,348,039	919,473
Cash and Cash Equivalents, Beginning of Year	6,958,448	6,038,975
Cash and Cash Equivalents, End of Year	$ 9,306,487	$ 6,958,448

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

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CENTRAL CONTRA COSTA TRANSIT AUTHORITY
STATEMENTS OF CASH FLOWS (Continued)
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
Operating Loss	$ (30,038,863)	$ (29,294,251)
Adjustments to Reconcile Operating Loss to		
Net Cash Used by Operating Activities:		
Depreciation	5,132,487	4,696,375
Changes in assets and liabilities:		
(Increase) Decrease in receivables	(30,383)	59,855
Decrease (Increase) in materials and supplies	47,537	(24,247)
Decrease (Increase) in prepaid expenses	171,813	(13,607)
Increase (Decrease) in accounts payable	605,468	(65,342)
(Decrease) in other liabilities	(57,568)	(313,620)
Net Cash Used by Operating Activities	$ (24,169,509)	$ (24,954,837)

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

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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 had been incurred. Capital grant funds earned, less amortization equal to accumulated depreciation of the related assets, were included in contributed capital. As required by current GASB standards, the Authority now includes capital grants in the determination of net income resulting in an increase in net revenue of $4,354,568 and $2,380,940 for the fiscal years ended June 30, 2012 and 2011, 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.

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

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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 the 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, 2012, 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.

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.

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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 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 __________, 2012, which is the date the financial statements were available to be issued.

M. Reclassifications

Certain amounts in the financial statements have been reclassified to be consistent and comparable from year to year.

NOTE 2 – CASH AND CASH EQUIVALENTS

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

	2012	2011
Cash on hand	$ 530	$ 530
Cash in banks	1,753,050	707,409
Investments	7,552,907	6,250,509
	$ 9,306,487	$ 6,958,448

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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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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:

2012

		Remaining Maturity (in Months)			
Investment Type	Amount	12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
LAIF	$ 7,552,907	$ 7,552,907	$ -	$ -	$ -

2011

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

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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:

2012		Minimum	Exempt	Rating as of Year-End		
Investment Type	Amount	Legal Rating	From Disclosure	AAA	Aa	Not Rated
LAIF	$ 7,552,907	N/A	$ -	$ -	$ -	$ 7,552,907

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

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: $2,043,124 and $1,465,632 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, 2012 and 2011, 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, 2012 or 2011.

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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:

	2012	2011
Federal grants	$ 3,214,729	$ 1,047,711
State grants	760,495	745,306
TDA (local transportation grants)	379,344	587,923
Total Capital Assistance	$ 4,354,568	$ 2,380,940

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, 2012 and 2011, was $5,354 and $6,942, respectively. For the years ended June 30, 2012 and 2011, the Authority's maximum TDA assistance eligibility was $11,505,362 and $9,994,707, respectively.

During the fiscal years ended June 30, 2012 and 2011, the Authority earned $4,395,988 and $4,174,485, respectively, of Measure J (2012) and Measure J (2011) 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 the FTA.

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NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

Capital assets activity at June 30 is shown below:

June 30, 2012

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Capital Assets Not Being Depreciated:				
Construction in process	$ 247,748	$ 58,913	$ -	$ 306,661
Land	2,704,785	-	-	2,704,785
Total Capital Assets Not Being Depreciated	2,952,533	58,913	-	3,011,446
Capital Assets Being Depreciated:				
Land improvements	2,087,426	-	-	2,087,426
Shop, office, other equipment, and service vehicles	6,222,023	450,013	408,980	6,263,056
Buildings and structures	15,429,788	202,270	32,869	15,599,189
Revenue vehicles	52,150,119	3,623,094	5,185,870	50,587,343
Total Capital Assets Being Depreciated	75,889,356	4,275,377	5,627,719	74,537,014
Less Accumulated Depreciation for:				
Land improvements	2,083,597	426	-	2,084,023
Shop, office, other equipment, and service vehicles	5,152,858	279,943	387,678	5,045,123
Buildings and structures	9,348,758	615,411	32,869	9,931,300
Revenue vehicles	27,152,798	4,236,707	5,185,870	26,203,635
Total Accumulated Depreciation	43,738,011	5,132,487	5,606,417	43,264,081
Total Capital Assets Being Depreciated, Net	32,151,345	(857,110)	21,302	31,272,933
Total Capital Assets, Net	$ 35,103,878	$ (798,197)	$ 21,302	$ 34,284,379

Depreciation expense for the year ended June 30, 2012, was $5,132,487.

June 30, 2011

	Balance June 30, 2010	Reclass and Other Adjustments	Additions	Deletions	Balance June 30, 2011
Capital Assets Not Being Depreciated:					
Construction in process	$ 1,619,465	$ (1,390,254)	$ 18,537	$ -	$ 247,748
Land	2,704,785	-	-	-	2,704,785
Total Capital Assets Not Being Depreciated	4,324,250	(1,390,254)	18,537	-	2,952,533
Capital Assets Being Depreciated:					
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
Total Capital Assets Being Depreciated	72,419,766	1,390,254	2,278,631	199,295	75,889,356
Less Accumulated Depreciation for:					
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
Total Accumulated Depreciation	39,229,318	-	4,696,375	187,682	43,738,011
Total Capital Assets Being Depreciated, Net	33,190,448	1,390,254	(2,417,744)	11,613	32,151,345
Total Capital Assets, Net	$ 37,514,698	$ -	$ (2,399,207)	$ 11,613	$ 35,103,878

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

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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, 2012, the Authority received funds of $2,561,941 for the purchase of 40 buses and interest of $7,422 from the State's PTMISEA account for construction at a transportation center at Pacheco, Rolling Stock 40 buses purchase, and the Martinez bus stop project. As of June 30, 2012, there were $354,073 of expenditures incurred related to the Pacheco Transit Center and Rolling Stock Vans. The remaining proceeds of $3,678,735, 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.

	2012	2011
Deferred revenue, beginning of year	$ 1,463,445	$ 1,984,753
Proposition 1B (PTMISEA) funds allocated	2,561,941	67,115
Proposition 1B (PTMISEA) interest earned	7,422	8,935
Proposition 1B (PTMISEA) expenditures	(354,073)	(597,358)
Deferred revenue, end of year	$ 3,678,735	$ 1,463,445

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 2011-12 was 5.218%. The funded ratio of the plan is 108.0% as of the June 30, 2009, 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.

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NOTE 7 – EMPLOYEES' RETIREMENT PLAN (Continued)

Annual Pension Cost

For fiscal year 2011-12, the Authority's annual required pension cost was $645,940 and the Authority actually contributed $645,940. The plan is currently overfunded and the required contribution for fiscal year 2011-12 was determined as part of the June 30, 2009, 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, 2012, was 30 years.

Three-Year Trend Information for the Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2010	$ 606,714	100.0%	$ -
6/30/2011	608,417	100.0%	-
6/30/2012	645,940	100.0%	-

Required Supplementary Information - Funded Status of Plan

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded/ (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
6/30/2007	$ 45,146,830	$50,768,851	$ (5,622,021)	112.5%	$13,199,584	(42.59%)
6/30/2008	49,153,981	55,087,230	(5,933,249)	112.1%	14,374,317	(41.28%)
6/30/2009	54,287,105	58,609,008	(4,321,903)	108.0%	12,896,961	(33.51%)

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.

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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 $159,124 and $86,095 at June 30, 2012 and 2011, 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 and currently there are 33 members consisting of 22 municipalities, 10 joint powers authorities, and 1 special district. The Authority is self-insured up to $250,000 per occurrence. Claims between $250,000 and $5,000,000 are covered by LAWCX. The Authority pays an annual premium to the pool. LAWCX is a member of California State Association of Counties Excess Insurance Authority (CSAC-EIA). CSAC-EIA provided coverage up to statutory limits.

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 $946,589 and $985,497 at June 30, 2012 and 2011, 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, 2012 and 2011, this fund, including accrued interest, totaled $1,433,278 and $1,427,923, 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 reported actual and estimated incurred claims. The reserve for public liability and property damage as of June 30, 2012 and 2011, totaled $159,124 and $86,095, respectively, and for the workers' compensation totaled $946,589 and $985,497, respectively.

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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, 2012, the Authority had 105 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.* During fiscal year 2010, the Authority enabled an irrevocable trust to secure OPEB contributions for beneficiaries. 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 2011-12, the Authority's annual OPEB cost was $343,593. 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, 2012 and 2011, were as follows:

	2012	2011
Annual required contribution	$ 344,127	$ 234,346
Interest on net OPEB obligation	658	880
Adjustments to annual required contribution	(1,192)	(1,306)
Annual OPEB cost	343,593	233,920
Contributions made	(352,347)	(233,307)
Change in net OPEB obligation (asset)	(8,754)	613
Net OPEB obligation (asset) - beginning of year	11,963	11,350
Net OPEB obligation (asset) - end of year	$ 3,209	$ 11,963

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 2012 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)
2010	$ 222,447	$ 527,950	237.34%	$ 11,350
2011	233,920	233,307	99.74%	11,963
2012	343,593	352,347	102.55%	3,209

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

Funding Policy, Funded Status and Funding Progress

The Authority's required contribution for 2011-12 was based on fully funded financing requirements. For fiscal year 2011-12, the Authority contributed $352,347 to the plan.

As of July 1, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $6,531,977, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $13,510,453, and the ratio of the unfunded actuarial accrued liability (UAAL) to covered payroll was 48.35%.

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 rate assumed was 5.5%. 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, 2012, was 28 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, 2012 and 2011. 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).

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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:

	2012	2011
LTF Allocations for Public Transportation Services:		
99260(a)	$ 12,422,835	$ 11,281,351
Less: applicable expenses	(10,849,497)	(9,530,534)
Unused portion to revert back to (balance due from) Contra Costa County's LTF (Current Year)	1,573,338	1,750,817
Prior year unused portion not returned	1,750,817	2,036,112
Total Unused Portion to Revert Back to Contra Costa County's LTF	$ 3,324,155	$ 3,786,929
LTF Allocations for Community Transit Services:		
99275 and 99260(A)	$ 655,865	$ 464,173
Less: applicable expenses	(655,865)	(464,173)
Unused portion to revert back to Contra Costa County's LTF	-	-
Due Back	3,324,155	3,786,929
Due Back (From) MTC	-	-
Net Due Back	$ 3,324,155	$ 3,786,929

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.

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NOTE 14 – FUTURE GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS

Recently, the GASB issued several GASB statements as follows:

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. 65 – *Items Previously Reported as Assets and Liabilities* establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2012. The Authority has not determined the effects of the implementation of this statement on its financial statements.

GASB Statement No. 66 – *Technical Corrections—2012—an Amendment of GASB Statements No. 10 and No. 62* is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2012. The Authority does not expect the implementation of this statement to have a material effect on the financial statements.

GASB Statement No. 67 – *Financial Reporting for Pension Plans—an Amendment of GASB Statement No. 25* improves financial reporting by state and local governmental pension plans. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2013. The Authority does not expect the implementation of this statement to have a material effect on the financial statements.

GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27* improves accounting and financial reporting by state and local governments for pensions. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The Authority has not determined the effects of the implementation of this statement on its financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

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CENTRAL CONTRA COSTA TRANSIT AUTHORITY
SCHEDULE OF FUNDING PROGRESS
POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS
JUNE 30, 2012

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	4,534,658	0.00%	15,219,990	29.79%
7/1/2011	613,708	7,145,685	6,531,977	8.59%	13,510,453	48.35%

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SUPPLEMENTARY SCHEDULE AND OTHER REPORTS

DRAFT

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor/Program Title	Federal CFDA Number	Grant Expenses
U.S. DEPARTMENT OF TRANSPORTATION		
Direct Programs:		
FTA Capital and Operating Assistance Grants	20.507	
Grant CA-90-Y605-00 - Capital and Operating		$ 4,267
Grant CA-90-Y037-00 - Capital and Operating		183,265
Grant CA-90-Y890-00 - Capital and Operating		3,266,451
Grant CA-90-Y623-00 - Capital and Operating		2,775,024
Grant CA-90-Y985-00 - Capital and Operating		672,718
Grant CA-04-0250-01 - Capital and Operating		134,680
Total Capital and Operating Assistance Grants		7,036,405
Total FTA Grants		$ 7,036,405

See accompanying notes to schedule of federal financial assistance.

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CENTRAL CONTRA COSTA TRANSIT AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2012

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 Federal Transit Administration (FTA) and is included on the SEFA.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying SEFA has been prepared on the accrual basis of accounting. Federal capital grant funds are used to purchase property, plant, and equipment. Federal grants receivable are included in capital and operating grants receivable, which also includes receivables from state and local grant sources.

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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, 2012, and have issued our report thereon dated __________, 2012.

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
__________, 2012

DRAFT

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, 2012, and have issued our report thereon dated ___________, 2012. 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
Management of the Authority is responsible for establishing and maintaining effective 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*.

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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, 2012, the Authority applied for and received proceeds of $2,561,941, including interest of $7,422 from the State's PTMISEA account for the purpose of transit fleet rehabilitation. As of June 30, 2012, PTMISEA funds received and expended were verified in the course of our audit as follows:

Balance – beginning of the year	$ 1,463,445
Proceeds received:	
PTMISEA	2,561,941
Interest earned	7,422
Expenditures incurred:	
Rolling stock vans replacement	354,073
Unexpended proceeds, June 30, 2012	$ 3,678,735

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 __________, 2012.

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
__________, 2012

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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

<u>Compliance</u>
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, 2012. 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, 2012. 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 2012-1.

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Internal Control Over Compliance
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, 2012, and have issued our report thereon dated __________, 2012. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplemental schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements of the Authority. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements 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
__________, 2012

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FINDINGS AND QUESTIONED COSTS SECTION

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CENTRAL CONTRA COSTA TRANSIT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2012

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 2012-1

C. Identification of major programs

CFDA Numbers	Name of Federal Program or Cluster
CFDA Number 20.507	Capital and Operating Assistance Formula Grants

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as low-risk auditee?	No

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Section II – Financial Statement Audit Findings and Questioned Costs

None.

Section III – Federal Awards Findings and Questioned Costs

Finding 2012-1 – Cash Management

Criteria

Per the agreement with the Department of Transportation, the recipient is required to minimize the time between drawdown and disbursement of federal funds to be within three (3) business days.

Condition

During our testing of Federal Compliance Cash Management section, we noted that one (1) of the five (5) federal payments was not dispensed within the allowable time of three (3) business days between drawdown and disbursement.

Effect

The Authority obtained interest on federal funds which were requested early.

Cause

Oversight of not processing payment within allowable time.

Recommendation

We recommend the Authority implement a policy for the review of federal funds. To be in compliance with the three (3) business days between a drawdown and disbursement.

Management Response

Management agrees.

Section IV – Summary of Prior Audit (June 30, 2011) Findings and Current Year Status

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.

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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.

Current Year Status

The Director of Finance has implemented a review of the quarterly reports.

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CENTRAL CONTRA COSTA TRANSIT AUTHORITY

AGREED-UPON PROCEDURES FOR
URBANIZED AREA FORMULA
DATA REVIEW

FOR THE FISCAL YEAR ENDING
JUNE 30, 2012

DRAFT

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

The Federal Transportation Administration (FTA) has established the following standards with regard to the data reported to it in the Urbanized Area Formula Statistics Form (901) of the Central Contra Costa Transit Authority's (the Authority) annual National Transit Database (NTD) report:

- A system is in place and maintained for recording data in accordance with NTD definitions. The correct data is being measured and no systematic errors exist.
- A system is in place to record data on a continuing basis, and the data gathering is an ongoing effort.
- Source documents are available to support the reported data and are maintained for FTA review and audit for a minimum of three (3) years following FTA's receipt of the NTD report. The data is fully documented and securely stored.
- A system of internal controls is in place to ensure the accuracy of the data collection process and that the recording system and reported comments are not altered. Documents are reviewed and signed by a supervisor, as required.
- The data collection methods are those suggested by FTA or meet FTA requirements.
- The deadhead miles, computed as the difference between the reported total actual vehicle miles data and the reported total actual vehicle revenue miles data, are accurate.
- Data is to be consistent with prior reporting periods and other facts known about the Authority's operations.

We have applied the procedures, which follow to the data, contained in the accompanying Urbanized Area Formula Statistics Form (901) for the fiscal year ending June 30, 2012. Such procedures, which were agreed to and specified by FTA in the 2012 Reporting Manual and were agreed to by the Authority, were applied to assist you in evaluating whether the Authority complied with the standards described above and that the information included in the NTD report Urbanized Area Formula Statistics Form (901) for the fiscal year ending June 30, 2012, is presented in conformity with the requirements of the Uniform System of Accounts and Records and Reporting System; Final Rule, as specified in 49 CFR Part 630, *Federal Register*, January 15, 1993, and as presented in the 2012 Reporting Manual. This report is intended solely for the Authority and FTA and should not be used by those who did not participate in determining the procedures.

The procedures described below were applied separately to each of the information systems used to develop the reported vehicle revenue miles, passenger miles, and operating expenses of the Authority, as applicable, for the fiscal year ending June 30, 2012, for each of the following modes:

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- Bus service - directly operated
- Demand response service - purchased transportation

Agreed-Upon Procedures

a. Obtained and read a copy of written procedures related to the system for reporting and maintaining data in accordance with the NTD requirements and definitions set forth in 49 CFR Part 630, Federal Register, January 15, 1993, and as presented in the 2012 Reporting Manual. If procedures were not written, discussed the procedures with the personnel assigned responsibility of supervising the preparation and maintenance of NTD data.

b. Discussed the procedures (written or informal) with the personnel assigned the responsibility of supervising the preparation and maintenance of NTD data and determined:

   - The extent to which the Authority followed the procedures on a continuous basis, and
   - Whether they believe such procedures resulted in accumulation and reporting of data consistent with the NTD definitions and requirements set forth in 49 CFR Part 630, Federal Register, January 15, 1993, and as presented in the 2012 Reporting Manual.

c. Inquired of the same person concerning the retention policy that was followed by the Authority with respect to source documents supporting the NTD data reported on the Urbanized Area Formula Statistics Form (901).

d. Based on a description of the Authority's procedures obtained in items a and b above, identified all the source documents which are to be retained by the Authority for a minimum of three years.

   For each type of source document, selected three months out of the year and observed that each type of source document existed for each of the periods.

e. Discussed the system of internal controls with the person responsible for supervising and maintaining the NTD data. Inquired whether individuals, independent of the individuals preparing the source documents and posting the data summaries, reviewed the source documents and data summaries for completeness, accuracy, and reasonableness and how often such reviews were performed.

f. Selected a random sample of the source documents and determined whether supervisors' signatures were present as required by the system of internal controls.

g. Obtained the worksheets utilized by the Authority to prepare the final data which was transcribed onto the Urbanized Area Formula Statistics Form (901). Compared the periodic data included on the worksheets to the periodic summaries prepared by the Authority. Tested the arithmetical accuracy of the summarizations.

h. Discussed the Authority's procedure for accumulating and recording passenger mile data in accordance with NTD requirements with the Authority staff. Inquired whether the procedure used was (1) a 100 percent count of actual passenger miles or (2) an estimate of passenger miles based on statistical sampling meeting FTA's 95 percent confidence and 10 percent precision requirements.

   If the Authority conducted a statistical sample for estimating passenger miles, inquired whether the sampling procedure was (1) one of the two procedures suggested by FTA and described in FTA Circulars 2710.1A, 2710.2A; or (2) an alternative sampling procedure.

   If the Authority used an alternative sampling procedure, inquired whether the procedure had been approved by FTA or whether a qualified statistician had determined that the procedure meets FTA's statistical requirements. Note that the use of an alternative sampling procedure had been approved in writing by a qualified statistician.

i. Discussed with the Authority staff the Authority's eligibility to conduct statistical sampling for passenger mile data every third year. Determined whether the Authority met one of the three criteria which allow transit agencies to conduct statistical samples for accumulating passenger mile data every third year rather than annually. Specifically:

- According to the 2000 Census, the public transit agency served as an urbanized area of less than 500,000 population.
- The public transit agency directly operated fewer than 100 revenue vehicles in all modes in annual maximum revenue service (in any size urbanized area).
- The service was purchased from a provider (contractor) operating fewer than 100 revenue vehicles in annual maximum revenue service, and was included in the Authority's NTD report.

If the Authority met one of the above criteria, reviewed the NTD documentation for the most recent mandatory sampling year (2011) and determined that statistical sampling was conducted to accumulate passenger mile data meeting the 95 percent confidence and 10 percent precision requirements.

Determined how the Authority estimated annual passenger miles if the statistical requirements were waived.

j. Obtained a description of the sampling procedure for estimation of passenger mile data used by the Authority. Obtained a copy of the Authority's working papers or methodology used to select the actual sample of runs for recording passenger mile data. If the average trip length was used, determined that the universe of runs were used as the sampling frame. Determined that the methodology was to select specific runs from the universe resulted in a random selection of runs. If a selected sample run was missed, determined that a replacement sample run was randomly selected. Determined that the Authority followed the stated sampling procedure.

k. Selected a random sample of the source documents for accumulating passenger mile data and determined that they were complete (all required data was recorded) and that the computations were accurate. Selected a random sample of the accumulation periods and recomputed the accumulations for each of the selected periods. Listed the accumulation periods which were tested. Tested the arithmetical accuracy of the summarization.

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

m. For vehicle revenue mile data, documented the collection and recording methodology and determined that deadhead miles were systematically excluded from the computation.

This was accomplished as follows:

- If vehicle revenue miles were calculated from schedules, documented the procedures used to subtract missed trips. Selected a random sample of the days that service was operated and recomputed the daily total of missed trips and missed vehicle revenue miles. Tested the arithmetical accuracy of the summarization.
- If vehicle revenue miles were calculated from hubodometers, documented the procedures used to calculate and subtract deadhead mileage. Selected a random sample of the hubodometer readings and determined that the stated procedures for hubodometer deadhead mileage adjustments were applied as prescribed. Tested the arithmetical accuracy of the summarization of intermediate accumulations.
- If vehicle revenue miles were calculated from vehicle logs, selected a random sample of the vehicle logs and determined that the deadhead mileage had been correctly computed in accordance with FTA's definitions. Tested the arithmetical accuracy of the summarization of intermediate accumulations.

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n. Rail modes - not applicable.

o. Fixed guideway - not applicable.

p. Fixed guideway - not applicable.

q. Fixed guideway - not applicable.

r. Fixed guideway - not applicable.

s. Fixed guideway - not applicable.

t. Fixed guideway - not applicable.

u. Compared operating expenses with audited financial data, after reconciling items were removed.

v. If the Authority purchased transportation services, inquired of the personnel responsible for reporting the NTD data regarding the disposition of purchased transportation generated fare revenues. Specifically, determined whether purchased transportation fare revenues were retained by the contract service provider, and if so, the amount of such fares, or whether the purchased transportation fare revenues were returned to the Authority.

   If purchased transportation fare revenues were retained by the purchased service provider, obtained documentation of retained fare revenue amounts as reported by the contract service provider and agreed the total to retained fare revenues reported on the Contractual Relationship Identification Form (002).

w. If the Authority's report contained data for purchased transportation services, provided by contractor(s) operating fewer than 100 vehicles in maximum service, and assurances of the data for those services was not included in the engagement, obtained a copy of the Auditor Statement for Urbanized Area Formula data of the purchased transportation service and attach a copy of the statement to the report. If the Authority did not have an Auditor Statement for the purchased transportation data, note as an exception.

x. If the Authority purchased transportation services, obtained a copy of the purchased transportation contract and determined that the contract (1) specified the specific mass transportation services to be provided by the contractor; (2) specified the monetary consideration obligated by the Authority or governmental unit contracting for the service; (3) specified the period covered by the contract and that this period was the same as, or a portion of, the period covered by the Authority's NTD report; and (4) was signed by representatives of both parties to the contract. Inquired of the person responsible for maintaining the NTD data regarding the retention of the executed contract, and determined that copies of the contracts are retained for three years.

y. If the Authority provided service in more than one urbanized area, or an urbanized area and a non-urbanized area, inquired of the person responsible for maintaining the NTD data regarding the procedures for allocation of statistics between urbanized areas and non-urbanized areas. Obtained and reviewed the worksheets, route maps and urbanized area boundaries used for allocating the statistics and determined that the stated procedure was followed and that the computations were correct.

z. Compared the data reported on the Urbanized Area Formula Statistics Form (901) to comparable data for the prior report year and calculated the percentage change from the prior year to the current year. For vehicle revenue mile, passenger mile, or operating expense data that have increased or decreased by more than 10 percent, inquired of the Authority management regarding the specifics of operations that led to the increases or decreases in the data relative to the prior reporting period.

The agreed-upon procedures are substantially less in scope than an examination, the objective of which is an expression of an opinion on the Urbanized Area Formula Statistics Form (901). Accordingly, we do not express such an opinion. Also, we do not express an opinion on the Authority's system of internal control taken as a whole.

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In performing the procedures, no matters came to our attention that caused us to believe that the information included in the NTD report on the Urbanized Area Formula Statistics Form (901) for the fiscal year ending June 30, 2012, is not presented in conformity with the requirements of the Uniform System of Accounts and Records and Reporting System; Final Rule, as specified in 49 CFR Part 630, *Federal Register*, January 15, 1993, and as presented in the 2012 Reporting Manual. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. This report relates only to the information described above, and does not extend to the Authority's financial statements taken as a whole, or the forms in the Authority's NTD report other than the Urbanized Area Formula Statistics Form (901), for any date or period.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Bakersfield, California
__________, 2012

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AGREED UPON FINDINGS REPORT DESIGNED TO INCREASE EFFICIENCY, INTERNAL CONTROLS AND/OR FINANCIAL REPORTING

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

In planning and performing our audit of the basic financial statements of the Central Contra Costa Transit Authority (the Authority) for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Authority personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Current Year Findings and Recommendations

Agreed Upon Finding 1 – Compensated Absences (Vacation and Sick) and Workers' Compensation and Liability Reserve Schedules

Finding

During our review of client prepared schedules for compensated absences vacation accrual and workers' compensation reserve and liability reserve, we noted manual errors which occurred due to oversight. The errors in total do not materially misstate the financial statements and the Authority has passed on making the adjustments.

Recommendation

The Authority should implement a review of actual formulas within the worksheets as part of the review and approval process.

Management Response

Management agrees.

DRAFT

Status of Prior Year Findings and Recommendations

Agreed Upon Finding 1 – Payroll

Finding

During our payroll test of controls, we noted an employee was paid an incorrect hourly rate, $21.83 instead of $21.98. When the employee's step increased, his new hourly rate was manually input incorrectly into the payroll system. This change was not reviewed by a second individual. The result of this finding amounted to the employee being underpaid by $96.51. If not corrected until the next step, the result would have been a $312 underpayment.

Recommendation

We recommend the Authority implement a step in its payroll process where pay rates are reviewed when they are manually updated in the payroll system. This would ensure that any errors in a change in salary would be caught early on before the individual begins receiving paychecks.

Management Response

The ADP system generates a report biweekly showing any master file changes. The Payroll Supervisor will forward the report to the Director of Finance for review.

Current Year Status

This has been implemented.

Agreed Upon Finding 2 – Cash Disbursements

Finding

During our testing of cash disbursements, we selected 40 transactions to test. Out of the 40 transactions, we noted one instance in which a dual signature on the check was not obtained.

Recommendation

The Authority's policy requires dual signatures on all disbursements prior to payment. We recommend the Authority perform procedures to ensure all disbursements contain the required dual signatures.

Management Response

The invoice the check was written for was approved by two authorized employees. The check was a manual check and it was cashed with only one signature. We have notified the bank of this and we will have a second Authority employee review and mail the manual checks.

Current Year Status

This has been implemented.

DRAFT

Agreed Upon Finding 3 – Capital Asset Disposals

Finding

During our testing of capital assets, we selected a sample of ten assets to physically inspect. We noted there was one asset that had been disposed but remained on the books. The cost of the asset was $78,363 and had a net book value of $2,466.

Recommendation

We inquired with management regarding the procedures in place relating to disposals and noted that staff is aware to inform Finance regarding disposals. We recommend management continue its efforts to communicate with staff regarding the importance of notifying Finance and providing information when an asset is disposed so that the books can be adjusted accordingly.

Management Response

We disposed of 62 fixed assets, all but three were IT equipment. The IT Department should also have notified Finance about the above asset, but it was missed.

Current Year Status

This has been discussed with the IT manager. No similar instance noted in the current year.

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This information is intended solely for the use of the Audit and Finance Committee, Board of Directors and management of the Authority and should not be used for any other purpose. However, this report is a matter of public record, and its distribution is not limited.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Bakersfield, California
__________, 2012

Pfx Engagement\15998 2012 Audit\FS Agreed Upon Conditions

DRAFT

REQUIRED COMMUNICATION TO THE AUDIT AND FINANCE COMMITTEE IN ACCORDANCE WITH PROFESSIONAL STANDARDS

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

We have audited the basic financial statements of the Central Contra Costa Transit Authority (the Authority) for the year ended June 30, 2012. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 1, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2011/2012. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- Estimated Useful Lives of Capital Assets – Management estimates the useful lives of its capital assets for purposes of calculating annual depreciation expense to be reported in the Authority's results of operations. Estimated useful lives range from 9 to 13 years for Revenue Transit Vehicles; 3 to 10 years for Shop, Office Other Equipment, and Service Vehicles; and 30 years for Building and Structures.
- Self-Insurance Liability – This represents management's estimate of the estimated liability for Public Liability Claims and Workers' Compensation Claims to be paid for which the Authority is self-insured, and includes management's estimate of the ultimate costs for both reported claims and claims incurred but not reported.
- The liability for Post-Employment Benefits Other Than Pension Benefits is based on actuarial evaluations, which involve estimates of the value of reported amounts and probabilities about the occurrence of future events far into the future.

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

DRAFT

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosures affecting the financial statements were the disclosure of capital assets, self-insurance liability, and the liability for Post-Employment Benefits Other Than Pension Benefits as described above.

Difficulties Encountered in Performing the Audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements
Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not propose any adjustments. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements as a whole.

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

Management Representations
We have requested certain representations from management that are included in the management representation letter dated __________, 2013.

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

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

Other Matters
With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Bakersfield, California
__________, 2013

DRAFT

Central Contra Costa Transit Authority
Period Ending: 6/30/12
Passed Journal Entries Report

Number	Account	Description	Dr.	Cr.
1	10-50211104	Vacatn, Maint Admin	21,780	-
	10-50211108	Vacatn, Cust Serv	14,569	-
	10-50211111	Vacatn, Finance	14,092	-
	10-50211114	Vacatn, Planning	9,941	-
	10-20205001	APL, Accrd Vacation	-	60,382
			60,382	**60,382**

To correct accrued vacation liability for FY2012.

2	10-20505006	OCL-Worker's Comp Reserve	27,108	-
	10-50208103	WC, Operators	-	27,108
			27,108	**27,108**

The County Connection

To: A&F Committee

Date: December 27, 2012

From: Kathy Casenave KC
Director of Finance

Reviewed By:

SUBJECT: PERS Actuarial Valuation for June 30, 2011; Rate for FY 2014

SUMMARY OF ISSUES:

The PERS Actuarial Valuation Report for the period ending June 30, 2011 was recently received. This valuation is used to set the rate for the next fiscal year. **The employer rate for FY 2013 will be 5.416%, up** slightly from the current year's rate of 5.219%, but less than the previous projection of 5.9%. This employer rate is low when compared to social security (6.2%) and the CCCTA rate before the dot com stock rally (7.289% in FY 1997). For six years (FY 1999-2004), the employer rate was zero.

CalPERS has estimated that our rate for FY 2015 will be 6.5% and FY 2016 6.9%.

Estimates of future employer rates depend upon a variety of factors:

- Future investment returns of 7.5% (this was lowered from 7.75%)
- Payroll growth of 3% (this was lowered from 3.25%)
- Demographic assumptions including the percentage of employees that will terminate, die, or retire in each future year.

Several pages of the actuarial report are attached.

Funded Status, Based on Market Value of Assets, Page 6

The funded status is 93.9% (the PERS long term goal is 100%), with unfunded liability totaling $3.8 million. The prior year the funded status was 84%, with the unfunded liability at $9.3 million.

Actuarial Value of Assets, Page 19

The *actuarial* value, not the *market* value, of assets, is used to determine the funded status of the retirement plan as part of the asset smoothing process. If the actuarial value is greater than the market value it means that past deferred losses have not been completely recognized. If the actuarial value is lower than market, not all gains have been recognized.

Page 19 of the report shows that the *actuarial* value of assets ($66.5 million, line 19, 2nd section) is 112.6% of the market value of assets ($59 million, line 13, 1st section). Not all losses have been recognized.

Benefits payments of $1.486 million (Line 6, 1st section) are slightly less than the $1.5 million in contributions (Lines 4 & 5, 1st section)

Other Information- Page 25

- There are 135 retirees receiving benefits
- The average annual benefit is $11,483
- The average age of retirees is 68.69
- There are 248 active members

- The average annual payroll of the active members is $51,252
- The covered annual payroll is $12,710,400
- The average age for active members is 50.64

Investment rate of return

It is CalPERS' policy to use a constant investment return rate (7.5%) for the actuarial report rather than the actual rate of return. This is called *asset smoothing*- the delayed recognition of part of the investment gains or losses dampens the effect of short-term market value fluctuations in setting employers' rates. The delayed recognition is smoothed over a period of 15 years, based on an actuarial value that is not less than 80% or more than 120% of market value. Because of the significant loss in FY 2009, CalPERS increased the corridor limits to 60%-140% for the FY 2012 rate and 70%-130% for the FY 2013 rate. For FY 2014, the corridor limits will return to 80%-120%.

The CalPERS history of investment returns in shown on **Page 21** of the report.

Investment Return Sensitivity Analysis (Page D-2)

The FY 2012 investment return will be used for the FY 2015 employer rate. At the time of the preparation on the new actuarial report, it was estimated to be 0%, before administrative expenses. CalPERS estimates that the Authority's FY 2015 rate will be 6.5%, using this return.

The actuary also estimates the Authority's FYs 2016, 2017 & 2018 rates based on 5 different scenarios of investment returns for FY 2013, 2014, & 2015. If the 7.5% return is achieved in all three years the employer rates would be 5.8%, 6.1% & 6.4%.

The 7.5% for FY 2013 may be difficult to achieve due to fiscal cliff and worldwide economic conditions. A more conservative investment rate of 2.6% in all three years would result in estimated employer rates of 8%, 9.7% and 11.3% in FYs 2016, 2017, & 2018.

FINANCIAL IMPLICATIONS:

These rates will be used for the revised forecast.

ACTION REQUESTED: None; information only.

ATTACHMENTS:

Selected pages of the PERS valuation report

Funded Status

		June 30, 2010		June 30, 2011
1. Present Value of Projected Benefits	$	70,873,999	$	75,522,117
2. Entry Age Normal Accrued Liability	$	58,232,048	$	62,920,244
3. Actuarial Value of Assets (AVA)		62,352,007		66,543,536
4. Unfunded Liability (AVA Basis) [(2) – (3)]	$	(4,119,959)	$	(3,623,292)
5. Funded Ratio (AVA Basis) [(3) / (2)]		107.1%		105.8%
6. Market Value of Assets (MVA)	$	48,899,647	$	59,078,583
7. Unfunded Liability (MVA Basis) [(2) – (6)]		9,332,401		3,841,661
8. Funded Ratio (MVA Basis) [(6) / (2)]		84.0%		93.9%
Superfunded Status		No		No

Cost

Actuarial Cost Estimates in General

What will this pension plan cost? Unfortunately, there is no simple answer. There are two major reasons for the complexity of the answer. First, all actuarial calculations, including the ones in this report, are based on a number of assumptions about the future. These assumptions can be divided into two categories.

- Demographic assumptions include the percentage of employees that will terminate, die, become disabled, and retire in each future year.
- Economic assumptions include future salary increases for each active employee, and the assumption with the greatest impact, future asset returns at CalPERS for each year into the future until the last dollar is paid to current members of your plan.

While CalPERS has set these assumptions to reflect our best estimate of the real future of your plan, it must be understood that these assumptions are very long term predictors and will surely not be realized in any one year. For example, while the asset earnings at CalPERS have averaged more than the assumed return of 7.5% for the past twenty year period ending June 30, 2012, returns for each fiscal year ranged from -24% to +21.7%

Second, the very nature of actuarial funding produces the answer to the question of plan cost as the sum of two separate pieces.

- The Normal Cost (i.e., the future annual premiums in the absence of surplus or unfunded liability) expressed as a percentage of total active payroll.
- The Past Service Cost or Accrued Liability (i.e., the current value of the benefit for all credited past service of current members) which is expressed as a lump sum dollar amount.

The cost is the sum of a percent of future pay and a lump sum dollar amount (the sum of an apple and an orange if you will). To communicate the total cost, either the Normal Cost (i.e., future percent of payroll) must be converted to a lump sum dollar amount (in which case the total cost is the present value of benefits), or the Past Service Cost (i.e., the lump sum) must be converted to a percent of payroll (in which case the total cost is expressed as the employer's rate, part of which is permanent and part temporary). Converting the Past Service Cost lump sum to a percent of payroll requires a specific amortization period, and the employer rate will vary depending on the amortization period chosen.

Reconciliation of the Market Value of Assets

1.	Market Value of Assets as of 6/30/10 Including Receivables	$	48,899,647
2.	Receivables for Service Buybacks as of 6/30/10		17,006
3.	Market Value of Assets as of 6/30/10		48,882,641
4.	Employer Contributions		610,368
5.	Employee Contributions		894,263
6.	Benefit Payments to Retirees and Beneficiaries		(1,485,801)
7.	Refunds		(58,321)
8.	Lump Sum Payments		(17,261)
9.	Transfers and Miscellaneous Adjustments		(44,603)
10.	Investment Return		10,281,304
11.	Market Value of Assets as of 6/30/11	$	59,062,590
12.	Receivables for Service Buybacks as of 6/30/11		15,993
13.	Market Value of Assets as of 6/30/11 Including Receivables	$	59,078,583

Development of the Actuarial Value of Assets

1.	Actuarial Value of Assets as of 6/30/10 Used For Rate Setting Purposes	$	62,352,007
2.	Receivables for Service Buybacks as of 6/30/10		17,006
3.	Actuarial Value of Assets as of 6/30/10		62,335,001
4.	Employer Contributions		610,368
5.	Employee Contributions		894,263
6.	Benefit Payments to Retirees and Beneficiaries		(1,485,801)
7.	Refunds		(58,321)
8.	Lump Sum Payments		(17,261)
9.	Transfers and Miscellaneous Adjustments		(44,603)
10.	Expected Investment Income at 7.75%		4,827,108
11.	Expected Actuarial Value of Assets	$	67,060,754
12.	Market Value of Assets as of 6/30/11	$	59,062,590
13.	Preliminary Actuarial Value of Assets [(11) + ((12) – (11)) / 15]		66,527,543
14.	Maximum Actuarial Value of Assets (120% of (12))		70,875,108
15.	Minimum Actuarial Value of Assets (80% of (12))		47,250,072
16.	Actuarial Value of Assets {Lesser of [(14), Greater of ((13), (15))]}		66,527,543
17.	Actuarial Value to Market Value Ratio		112.6%
18.	Receivables for Service Buybacks as of 6/30/11		15,993
19.	Actuarial Value of Assets as of 6/30/11 Used for Rate Setting Purposes	$	66,543,536

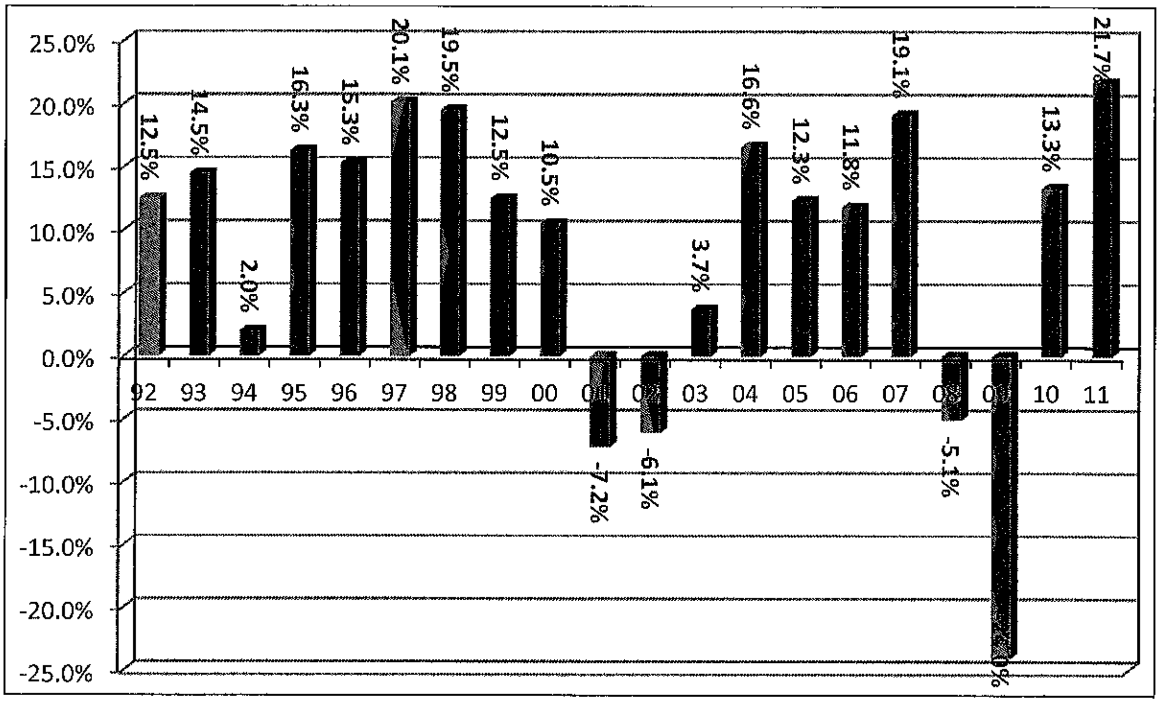
Summary of Valuation Data

		June 30, 2010		June 30, 2011
1. **Active Members**				
a) Counts		250		248
b) Average Attained Age		51.11		51.42
c) Average Entry Age to Rate Plan		37.16		37.18
d) Average Years of Service		13.95		14.24
e) Average Annual Covered Pay	$	51,960	$	51,252
f) Annual Covered Payroll		12,990,109		12,710,400
g) Projected Annual Payroll for Contribution Year		14,298,253		13,888,997
h) Present Value of Future Payroll		96,181,527		93,144,832
2. **Transferred Members**				
a) Counts		32		33
b) Average Attained Age		51.00		50.64
c) Average Years of Service		2.82		2.99
d) Average Annual Covered Pay	$	67,319	$	65,496
3. **Terminated Members**				
a) Counts		107		101
b) Average Attained Age		48.63		50.02
c) Average Years of Service		3.11		3.28
d) Average Annual Covered Pay	$	37,564	$	38,103
4. **Retired Members and Beneficiaries**				
a) Counts		122		135
b) Average Attained Age		68.56		68.69
c) Average Annual Benefits	$	10,964	$	11,483
5. **Active to Retired Ratio** [(1a) / (4a)]		2.05		1.84

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

CalPERS History of Investment Returns

The following is a chart with historical annual returns of the Public Employees Retirement Fund for each fiscal year ending on June 30. Beginning with June 30, 2002 the figures are reported as gross of fees.



Analysis of Future Investment Return Scenarios

The investment return for fiscal year 2011-2012 was estimated to be 0%. Note that this return is before administrative expenses and also does not reflect final investment return information for real estate and private equities. The final return information for these two asset classes is expected to be available later in October. For purposes of projecting future employer rates, we are assuming a 0% investment return for fiscal year 2011-2012.

The investment return realized during a fiscal year first affects the contribution rate for the fiscal year 2 years later. Specifically, the investment return for 2011-2012 will first be reflected in the June 30, 2012 actuarial valuation that will be used to set the 2014-2015 employer contribution rates, the 2012-2013 investment return will first be reflected in the June 30, 2013 actuarial valuation that will be used to set the 2015-2016 employer contribution rates and so forth.

Based on a 0% investment return for fiscal year 2011-2012 and assuming that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur between now and the beginning of the fiscal year 2014-2015, the effect on the 2014-2015 Employer Rate is as follows:

Estimated 2014-2015 Employer Rate	Estimated Increase in Employer Rate between 2013-2014 and 2014-2015
6.5%	1.1%

As part of this report, a sensitivity analysis was performed to determine the effects of various investment returns during fiscal years 2012-2013, 2013-2014 and 2014-2015 on the 2015-2016, 2016-2017 and 2017-2018 employer rates. Once again, the projected rate increases assume that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur.

Five different investment return scenarios were selected.

- The first scenario is what one would expect if the markets were to give us a 5th percentile return from July 1, 2012 through June 30, 2015. The 5th percentile return corresponds to a -4.1% return for each of the 2012-2013, 2013-2014 and 2014-2015 fiscal years.
- The second scenario is what one would expect if the markets were to give us a 25th percentile return from July 1, 2012 through June 30, 2015. The 25th percentile return corresponds to a 2.6% return for each of the 2012-2013, 2013-2014 and 2014-2015 fiscal years.
- The third scenario assumed the return for 2012-2013, 2013-2014, 2014-2015 would be our assumed 7.5% investment return which represents about a 49th percentile event.
- The fourth scenario is what one would expect if the markets were to give us a 75th percentile return from July 1, 2012 through June 30, 2015. The 75th percentile return corresponds to a 11.9% return for each of the 2012-2013, 2013-2014 and 2014-2015 fiscal years.
- Finally, the last scenario is what one would expect if the markets were to give us a 95th percentile return from July 1, 2012 through June 30, 2015. The 95th percentile return corresponds to a 18.5% return for each of the 2012-2013, 2013-2014 and 2014-2015 fiscal years.

The table below shows the estimated projected contribution rates and the estimated increases for your plan under the five different scenarios.

2012-2015 Investment Return Scenario	Estimated Employer Rate			Estimated Change in Employer Rate between 2014-2015 and 2017-2018
	2015-2016	2016-2017	2017-2018	
-4.1% (5th percentile)	10.3%	13.9%	17.1%	10.6%
2.6% (25th percentile)	8.0%	9.7%	11.3%	4.8%
7.5%	6.9%	7.3%	7.7%	1.2%
11.9%(75th percentile)	6.8%	7.1%	7.2%	0.7%
18.5%(95th percentile)	6.7%	6.7%	6.4%	-0.1%

The County Connection

Inter Office Memo

To: Administration and Finance Committee   Date: January 3, 2013

From: Kathy Casenave, Director of Finance   Reviewed by:

SUBJECT: Why are Passenger Fares up but Passengers Down?

Summary of Issues:

Passenger fares for Jul-Sept 2012 are up by $47,570 over the same period in 2011 but the passenger count is down by 20,369.

There are a number of explanations for this anomaly.

1. Free passengers or passengers who have fares paid for by other entities. The passengers are part of the passenger count but not part of the passenger fare revenue category. ACE, Walnut Creek, Bishop Ranch, Chevron, Galaxy and Airport revenue is posted in special fares, not passenger fares.

   There was a substantial drop in these types of passengers-16,297 or 80%.

	Promo	Bus Transfer	Free	Ace Train 92X	Bishop Ranch Pass	Chevron 91X	Galaxy 91X	Airport 91X	
July	(366)	(2,909)	(4,698)	(303)	(419)	(38)	(15)	67	
August	(264)	(515)	(2,908)	(380)	88	233	60	9	
September	(1,513)	(553)	(860)	(197)	(1,200)	222	64	99	
	(2,143)	**(3,978)**	**(8,466)**	**(880)**	**(1,531)**	**418**	**108**	**175**	(16,297)
									80%

2. Passes that are paid for through the outlets, online, and by special order accounted for a **$14,951 increase in revenue**. The use of passes accounted for an increase of **1,460** in ridership.

   It is difficult to make comparisons of pass revenue with passengers using passes because we count the revenue when paid & passengers when the passes are used.

   - Passengers may pay for a pass in Month A but use it in Month B.
   - Some government agencies buy quite a number of passes at once for clients to use in later calendar months.
   - One of our biggest outlets- CVS- pays by check written & mailed from the East coast, so there can be a time delay.

3. Cash fares from the farebox account for $32,619 of the increase in revenue but there was a drop of 5,532 in cash passengers.

   There is a mismatch of passengers/farebox revenue because of **the farebox dumping schedule. The fareboxes are emptied twice a week** and it rarely happens that a cutoff can happen exactly at the end of any given month. The first dump and last dump of each month include revenue from days in each month and is recorded in the month with the most number of days. For example, the September 2012 revenue included 2 days of October because the first dump of October included 3 days of September and 2 days of October. Comparing 2011 with 2012:

   - The July-September 2011 revenue included <u>63 weekdays, 13 Saturdays, 13 Sundays</u> and 2 holidays. This revenue did not include one day in September; that dump was posted to October. It did not include any of June because that dump was exactly on the last day of June.
   - The July-September 2012 revenue included <u>66 weekdays, 14 Saturdays, 14 Sundays and</u> 2 holidays. This revenue included 2 days of June and two days of October because the first dump of July included 3 days of July and 2 days of June and the first dump of October included 3 days of September and 2 days of October.

This report addresses some of the anomalies between the passenger count and passenger fare revenue. The Planning Department is continuing to review and assess the accuracy of the passenger count.

Agenda Item

The County Connection

Inter Office Memo

To:	**A&F Committee**	**Date: January 3, 2013**	
From:	**Kathy Casenave**	**Reviewed by:**	
	Director of Finance		

SUBJECT: CCCTA Income Statements for the Three Months Ended September 30, 2012

The attached unaudited CCCTA Income Statements for the first three months of FY 2013 are presented for your review. The combined actual expenses, Fixed Route and Paratransit, (Schedule 1), **are 6.7%** under **the year to date budget ($563,413). The expense categories with the most significant variances are:**

Fringe benefits	$(139,464)	(7.2)%	Fringe benefits are lower due to several categories of expense- sick leave, other paid absences, medical & cafeteria expense.
Services	$(50,023)	(9.7)%	Services are lower due to management services expenses, promotions, & legal expense.
Materials & Supplies	$(223,512)	(22.3)%	Diesel fuel accounts for $168k of actuals being under budget; other categories include oil analysis, bus tickets, and cleaning and office supplies.

Fixed route and Paratransit revenues and expenses are presented on **Schedules 2 and 3.** Actual expenses are compared to the year-to-date approved budget. Fixed route expenses are 7.8% under budget and Paratransit expenses are .9% under budget.

The combined revenues are also under budget. The most significant variances:

STA	$(223,911)	(19.2)%	STA is lower due to a downward revision by MTC of available funds.
Measure J	$(101,523)	(8.2)%	CCTA withholds a portion of each quarterly report until after year end when actual sales tax receipts are known. Last year, 100% of the retention was paid out; it is anticipated that it will be paid out again this year.

Schedule 4 provides selected statistical information for the current year compared to the last two years:

Fixed route:

- Passenger fares are 6.1% more than FY 2012 and 5.7% more compared to FY 2011.
- The farebox recovery ratio is up compared to FY 2012 but down compared to FY 2011. The ratio is 16.3% in FY 2013; 15.7% in FY 2012 and 16.9% in FY 2011.
- Operating expenses are 1% more than in FY 2012 and 13% more than in FY 2011. Most of this is attributable to recording 7 pay periods in FY 2012 and FY 2013 and 6 pay periods in FY 2011.
- Fixed route revenue hours are .8% more than FY 2012 and .8% less than FY 2011.
- The cost per revenue hour has increased .1% compared to FY 2012 and 13.7% compared to FY 2011.
- Passengers have decreased 2.6% compared to FY2012 and 2.8% compared to FY 2011.
- The cost per passenger has increased 3.69% compared to FY 2012 and 15.2% compared to FY 2011.
- Passengers per revenue hour have decreased 3.4% compared to FY 2012 and 1.9% compared to FY 2011.

Paratransit:

- Passenger fares have decreased 14.3% compared to FY 2012 but increased 8.2% over FY 2011.
- The farebox ratio is less than FY 2012 but more than FY 2011. The ratio is 10.8% in FY 2013; 12.7% in FY 2011; and 10.5% in FY 2011.
- Expenses have increased 1.4% from the prior year and 6.1% compared to FY 2011.
- Revenue hours are 6.3% more than FY 2012 and 1.8% more than FY 2011.
- Passengers have decreased 7% compared to FY 2012 and decreased 6.7% compared to FY 2011.
- The cost per passenger has increased 9.1% since FY 2012 and 12% compared to FY 2011.
- Paratransit passengers per revenue hour have decreased 12.5% compared to FY 2012 and 8.7% compared to FY 2011.

Fixed Route Operator Wages (Schedule 5)

Schedule 5 compares various components of operator wages with the budget.

- Actual work time wages (Platform, turn in and report time) are 1% more than projected.
- Guarantees are 14.9% over budget.
- Overtime is 10.7% under budget.
- Training is 185% more than budget.
- Overall wages for operators are 2% more than budget.

CENTRAL CONTRA COSTA TRANSIT AUTHORITY

FY 2013 Year to Date Comparison of Actual vs Budget
For the Three Months Ended September 30, 2012
Combined Fixed Route and Paratransit Income Statement

	Actual	Budget	Variance	% Variance
Revenues				
Passenger fares	$ 973,411	$ 1,033,569	$ (60,158)	-5.8%
Special fares	223,550	221,604	1,947	0.9%
	1,196,961	1,255,173	(58,212)	-4.6%
Advertising	137,491	138,024	(533)	-0.4%
Safe Harbor lease	1,277	6,250	(4,973)	-79.6%
Other revenue	6,200	23,825	(17,625)	-74.0%
Federal operating	785,014	792,514	(7,500)	-0.9%
TDA earned revenue	3,149,994	3,250,744	(100,750)	-3.1%
STA revenue	940,921	1,164,832	(223,911)	-19.2%
Measure J	1,143,058	1,244,581	(101,523)	-8.2%
Other operating assistance	440,629	489,015	(48,386)	-9.9%
	6,604,584	7,109,785	(505,202)	-7.1%
Total Revenue	**$ 7,801,545**	**$ 8,364,958**	**$ (563,413)**	**-6.7%**
Expenses				
Wages- Operators	$ 1,870,771	$ 1,834,248	$ 36,523	2.0%
Wages-Other	1,329,271	1,337,583	(8,312)	-0.6%
	3,200,042	3,171,831	28,211	0.9%
Fringe Benefits	1,809,939	1,949,403	(139,464)	-7.2%
Services	465,038	515,061	(50,023)	-9.7%
Materials & Supplies	776,697	1,000,209	(223,512)	-22.3%
Utilities	77,429	87,075	(9,646)	-11.1%
Insurance	84,977	90,075	(5,098)	-5.7%
Taxes	58,728	94,150	(35,422)	-37.6%
Leases and Rentals	6,465	10,125	(3,660)	-36.1%
Miscellaneous	23,791	30,191	(6,400)	-21.2%
Special Trip Services	1,298,439	1,291,838	6,601	0.5%
Operations	**7,801,545**	**8,239,958**	**(438,413)**	**-5.3%**
Contingency Reserve	0	125,000	(125,000)	-100.0%
Total Expenses	**$ 7,801,545**	**$ 8,364,958**	**$ (563,413)**	**-6.7%**
Net Income (Loss)	**$ -**	**$ -**	**$ -**	
Revenue Hours	***73,012***	***70,429***	***2,583***	***3.7%***
Cost per Rev Hr	***$ 106.76***	***$ 118.63***	***$ (11.86)***	***-10.0%***
Passengers	***809,319***	***880,471***	***(71,152)***	***-8.1%***
Cost per Passenger	***$ 9.64***	***$ 9.50***	***$ 0.14***	***1.5%***
Farebox ratio	***15.4%***	***15.0%***	***0.3%***	***2.2%***

(fares,spec fares/Oper exp-w/o contingency-leases)

Schedule 1-Combined Fixed Route & Paratransit

CENTRAL CONTRA COSTA TRANSIT AUTHORITY

FY 2013 Year to Date Comparison of Actual vs Budget

For the Three Months Ended September 30, 2012

Fixed Route Income Statement

	Actual	Budget	Variance	% Variance
Revenues				
Passenger fares	$ 829,638	$ 880,292	$ (50,654)	-5.8%
Special fares	223,550	221,604	1,947	0.9%
	1,053,188	1,101,896	(48,708)	-4.4%
Advertising	$ 137,491	138,024	(533)	-0.4%
Safe Harbor lease	1,277	6,250	(4,973)	-79.6%
Other revenue	6,200	23,750	(17,550)	-73.9%
Federal operating	613,471	620,971	(7,500)	-1.2%
TDA earned revenue	2,710,165	2,839,133	(128,968)	-4.5%
STA revenue	668,606	892,517	(223,911)	-25.1%
Measure J	879,758	952,075	(72,317)	-7.6%
Other operating assistance	394,558	440,803	(46,245)	-10.5%
	5,411,526	5,913,523	(501,997)	-8.5%
Total Revenue	**$ 6,464,714**	**$ 7,015,419**	**$ (550,705)**	**-7.8%**
Expenses				
Wages- Operators	$ 1,870,771	$ 1,834,248	$ 36,523	2.0%
Wages-Other	1,307,643	1,297,445	10,198	0.8%
	3,178,414	3,131,693	46,721	1.5%
Fringe Benefits	1,798,903	1,932,731	(133,828)	-6.9%
Services	464,045	508,885	(44,840)	-8.8%
Materials & Supplies	776,549	999,484	(222,935)	-22.3%
Utilities	71,378	81,875	(10,497)	-12.8%
Insurance	84,977	90,075	(5,098)	-5.7%
Taxes	58,715	94,000	(35,285)	-37.5%
Leases and Rentals	6,465	10,125	(3,660)	-36.1%
Miscellaneous	23,714	29,963	(6,249)	-20.9%
Purchased Transportation	1,554	11,588	(10,034)	-86.6%
Operations	**6,464,714**	**6,890,419**	**(425,705)**	**-6.2%**
Contingency Reserve		125,000	(125,000)	
Total Expenses	**$ 6,464,714**	**$ 7,015,419**	**$ (550,705)**	**-7.8%**
Net Income (Loss)	**$ -**	**$ -**	**$ -**	
Revenue Hours	***51,633***	***50,475***	***1,158***	***2.3%***
Cost per Rev Hr	***$ 125.08***	***$ 138.79***	***$ (13.71)***	***-9.9%***
Passengers	***773,469***	***843,951***	***(70,482)***	***-8.4%***
Cost per Passenger	***$ 8.36***	***$ 8.31***	***$ 0.05***	***0.5%***
Passengers per Rev Hr	***14.98***	***16.72***	***(1.74)***	***-10.4%***
Farebox recovery ratio	***16.3%***	***16.0%***	***0.3%***	***1.8%***

(fares,spec fares/Oper exp-w/o contingency-leases)

CENTRAL CONTRA COSTA TRANSIT AUTHORITY

FY 2013 Year to Date Comparison of Actual vs Budget
For the Three Months Ended September 30, 2012
Paratransit Income Statement

		Actual		Budget		Variance	% Variance
Revenues							
Passenger fares	$	143,773	$	153,277	$	(9,504)	-6.2%
		143,773		153,277		(9,504)	-6.2%
Other revenue				75		(75)	-100.0%
Federal operating		171,543		171,543		-	0.0%
TDA earned revenue		439,829		411,611		28,218	6.9%
STA revenue		272,315		272,315		-	0.0%
Measure J		263,300		292,506		(29,206)	-10.0%
Other operating assistance		46,071		48,212		(2,141)	-4.4%
		1,193,058		1,196,262		(3,204)	-0.3%
Total Revenue	**$**	**1,336,831**	**$**	**1,349,539**	**$**	**(12,708)**	**-0.9%**
Expenses							
Wages-Other	$	21,628	$	40,138	$	(18,510)	-46.1%
		21,628		40,138		(18,510)	-46.1%
Fringe Benefits		11,036		16,672		(5,636)	-33.8%
Services		993		6,176		(5,183)	-83.9%
Materials & Supplies		148		725		(577)	-79.6%
Utilities		6,051		5,200		851	16.4%
Taxes		13		150		(137)	-91.3%
Miscellaneous		77		228		(151)	-66.2%
Special Trip Services		1,296,885		1,280,250		16,635	1.3%
Total Expenses	**$**	**1,336,831**	**$**	**1,349,539**	**$**	**(12,708)**	**-0.9%**
Net Income (Loss)	**$**	**-**	**$**	**-**	**$**	**-**	
Revenue Hours		***21,379***		***19,954***		***1,425***	***7.1%***
Cost per Rev Hr	***$***	***62.53***	***$***	***67.63***	***$***	***(5.10)***	***-7.5%***
Passengers		***35,850***		***36,520***		***(670)***	***-1.8%***
Cost per Passenger	***$***	***37.29***	***$***	***36.95***	***$***	***0.34***	***0.9%***
Passengers per Rev Hr		***1.68***		***1.83***		***(0.15)***	***-8.4%***
Farebox ratio		***10.8%***		***11.4%***		***-0.6%***	***-5.3%***
(fares,spec fares/Oper exp-leases)							

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
Statistics
FY 2013 Year to Date Comparison of FY 2012 Actual & FY 2011 Actual
For the Three Months Ended September 30, 2012

	Actual FY2013	Actual FY2012	Variance Actual 2013 to Actual 2012	Actual FY2011	Variance Actual 2013 to Actual 2011
Fixed Route					
Fares	$ 829,638	$ 782,068	6.1%	$ 782,301	5.7%
Special Fares	223,550	223,690	-0.1%	168,370	24.7%
Total Fares	**$ 1,053,188**	**$ 1,005,758**	4.7%	**$ 950,671**	9.7%
Fares box recovery ratio	***16.3%***	***15.7%***	3.7%	***16.9%***	-3.8%
Operating Exp (Less leases)	$ 6,458,249	$ 6,397,389	1.0%	$ 5,617,776	13.0%
Revenue Hours	***51,633***	***51,205***	0.8%	***52,054***	-0.8%
Cost per Rev Hour	***$ 125.08***	***$ 124.94***	0.1%	***$ 107.92***	13.7%
Passengers	***773,469***	***793,838***	-2.6%	***794,777***	-2.8%
Cost per Passenger	***$ 8.35***	***$ 8.06***	3.6%	***$ 7.08***	15.2%
Passengers per Rev Hr	***14.98***	***15.50***	-3.4%	***15.27***	-1.9%
Paratransit					
Fares	$ 143,773	$ 167,714	-14.3%	$ 131,970	8.2%
Fares box recovery ratio	***10.8%***	***12.7%***	-15.5%	***10.5%***	2.2%
Operating Exp (Less leases)	$ 1,336,831	$ 1,317,807	1.4%	$ 1,255,084	6.1%
Revenue Hours	***21,379***	***20,117***	6.3%	***20,999***	1.8%
Cost per Rev Hour	***$ 62.53***	***$ 65.51***	-4.5%	***$ 59.77***	4.4%
Passengers	***35,850***	***38,543***	-7.0%	***38,264***	-6.7%
Cost per Passenger	***$ 37.29***	***$ 34.19***	9.1%	***$ 32.80***	12.0%
Passengers per Rev Hr	***1.68***	***1.92***	-12.5%	***1.82***	-8.7%

CENTRAL CONTRA COSTA TRANSIT AUTHORITY

Operator Wages

For the Theee Months Ended September 30, 2012

	Year to Date			
	Actual	Budget	Variance	% Variance
Platform/report/turn in	$ 1,499,792	$ 1,484,236	$ 15,556	1.0%
Guarantees	82,075	71,411	10,664	14.9%
Overtime	57,990	64,914	(6,924)	-10.7%
Spread	41,677	45,293	(3,616)	-8.0%
Protection	86,477	84,325	2,152	2.6%
Travel	53,481	55,854	(2,373)	-4.2%
Training	42,801	15,016	27,785	185.0%
Other Misc	6,478	13,200	(6,722)	-50.9%
	$ 1,870,771	**$ 1,834,248**	**$ 36,523**	**2.0%**

Schedule 5- Operator Wages