

County Connection

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

ADMINISTRATION & FINANCE COMMITTEE MEETING AGENDA

Wednesday, December 4, 2013
9:00 a.m.
Hanson Bridgett
1676 North California Blvd., Suite 620
Walnut Creek, California

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

1. Approval of Agenda
2. Public Communication
3. Approval of Minutes of November 6 , 2013*
4. Closed Session:
 - Conference with Legal Counsel – Anticipated Litigation
 - Government Code Section 54956.9
 - Initiation of litigation (one potential case)
5. FY2013 Audit-Teleconference*
6. Auditors Compliance Report*
7. County Connection Income Statements for the Three Months Ended September 30, 2013*
8. County Connection Investment Policy-Quarterly Reporting Requirement*
9. Review of Vendor Bills, November 2013**
10. Legal Services Statement, None
11. Adjournment

*Enclosure

**Enclosure for Committee Members

FY2013/2014 A&F Committee

Al Dessayer – Moraga, Don Tatzin – Lafayette, Robert Storer – Danville, Gregg Manning - Clayton

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

CENTRAL CONTRA COSTA TRANSIT AUTHORITY

General Information

Public Comment: Each person wishing to address the committee is requested to complete a Speakers Card for submittal to the Committee Chair before the meeting convenes or the applicable agenda item is discussed. Persons who address the Committee are also asked to furnish a copy of any written statement to the Committee Chair. Persons who wish to speak on matters set for Public Hearings will be heard when the Chair calls for comments from the public. After individuals have spoken, the Public Hearing is closed and the matter is subject to discussion and action by the Committee.

A period of thirty (30) minutes has been allocated for public comments concerning items of interest within the subject matter jurisdiction of the Committee. Each individual will be allotted three minutes, which may be extended at the discretion of the Committee Chair.

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

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

Accessible Public Meetings: Upon request, County Connection will provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. Please send a written request, including your name, mailing address, phone number and brief description of the requested materials and preferred alternative format or auxiliary aid or service so that it is received by County Connection at least 48 hours before the meeting convenes. Requests should be sent to the Assistant to the General Manager, Lathina Hill, at 2477 Arnold Industrial Way, Concord, CA 94520 or hill@countyconnection.com.

Shuttle Service: With 24-hour notice, a County Connection LINK shuttle can be available at the BART station nearest the meeting location for individuals who want to attend the meeting. To arrange for the shuttle service, please call Robert Greenwood – 925/680 2072, no later than 24 hours prior to the start of the meeting.

Currently Scheduled Board and Committee Meetings

Board of Directors:	Thursday, December 19, 9:00 a.m., County Connection Board Room
Administration & Finance:	Wednesday, January 8, 9:00 a.m. 1676 N. California Blvd., S620, Walnut Creek
Advisory Committee:	TBA, County Connection Board Room
Marketing, Planning & Legislative:	Thursday, December 5, 8:30 a.m., 3338 Mt. Diablo Blvd., Lafayette
Operations & Scheduling:	Friday, December 8, 8:30 a.m., Walnut Creek City Offices

The above meeting schedules are subject to change. Please check the County Connection Website (www.countyconnection.com) or contact County Connection staff at 925/676-1976 to verify date, time and location prior to attending a meeting.

This agenda is posted on County Connection's Website (www.countyconnection.com) and at the County Connection Administrative Offices, 2477 Arnold Industrial Way, Concord, California

Administration and Finance Committee
Summary Minutes
November 6, 2013

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

Committee Members: Director, Board Al Dessayer
 Director, Board Gregg Manning
 Director Robert Storer
 Director Don Tatzin

Staff: General Manager Rick Ramacier
 Director of Finance Kathy Casenave

1. Adoption of the Agenda- Approved.
2. Public Communication- None.
3. Summary Minutes of October 9, 2013 meeting- Approved.
4. Correspondence with CalPERS regarding Employer Rate Increase:- Director Casenave reported on correspondence with CalPERS regarding the increase in the Authority's employer rate due to the new PEMCHA law. For many years the Authority has received a credit because the actual experience of the plan was favorable compared to the standard actuarial assumptions used to calculate the normal cost rate. The Authority would have received a 1.905% credit, making the employer rate 5.416%. The change in the law increased the FY 2014 rate to 7.321%. Director Casenave reported that there is currently no proposed legislation to address this issue.
5. Review of Vendor Bills, October 2013- The committee reviewed the vendor bills.
6. Legal Services Statement, August 2013, General'; August/September 2013, Labor -
_Approved.
7. Adjournment- The meeting was adjourned. The next meetings will be Wednesday, December 4 and Wednesday, January 8 at 9:00 am at the Hanson Bridgett offices in Walnut Creek.

Kathy Casenave, Director of Finance

DRAFT

CENTRAL CONTRA COSTA TRANSIT AUTHORITY

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

JUNE 30, 2013 AND 2012

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
 JUNE 30, 2013 AND 2012

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of June 30, 2013 and 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ended June 30, 2013, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to the matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the Authority that collectively comprise the Authority's basic financial statements. The supplemental schedule is presented for purposes of additional analysis as 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 supplemental schedule 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. Such 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 in 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2013, 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* in considering the Authority's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Bakersfield, California
_____, 2013

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013 AND 2012**

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 Position, (2) the Statements of Revenues, Expenses, and Changes in Net Position, 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.

Financial Highlights

- Operating revenues were \$5,119,368, while operating expenses were \$36,111,282. The Authority is able to cover its operating expenses through operating revenue and federal, state, and local grants.

Statement of Net Position

A comparison of the Authority's Statements of Net Position as of June 30, 2013, 2012, and 2011 is as follows:

	2013	2012	2011	2013 to 2012		2012 to 2011	
				Increase/Decrease Amount	%	Increase/Decrease Amount	%
Current assets	\$16,966,479	\$13,102,958	\$10,781,966	\$ 3,863,521	29.49%	\$ 2,320,992	21.53%
Noncurrent assets - capital assets, net	35,136,653	34,284,379	35,103,878	852,274	2.49%	(819,499)	-2.33%
Total assets	\$52,103,132	\$47,387,337	\$45,885,844	\$ 4,715,795	9.95%	\$ 1,501,493	3.27%
Current liabilities	\$14,231,156	\$10,482,988	\$ 8,207,645	\$ 3,748,168	35.75%	\$ 2,275,343	27.72%
Noncurrent liabilities	1,171,425	1,108,922	1,083,555	62,503	5.64%	25,367	2.34%
Total liabilities	\$15,402,581	\$11,591,910	\$ 9,291,200	\$ 3,810,671	32.87%	\$ 2,300,710	24.76%
Net position							
Net investment in capital assets	\$35,136,653	\$34,284,379	\$35,103,878	\$ 852,274	2.49%	\$ (819,499)	-2.33%
Unrestricted net position	1,563,898	1,511,048	1,490,766	52,850	3.50%	20,282	1.36%
Total net position	\$36,700,551	\$35,795,427	\$36,594,644	\$ 905,124	2.53%	\$ (799,217)	-2.18%

The Authority's increase in net position was mainly due to the increase in capital grants for the purchase of capital assets.

Statement of Revenues, Expenses, and Changes in Net Position

A summary of the Authority's Statements of Revenues, Expenses, and Changes in Net Position for fiscal years 2013, 2012, and 2011 is as follows:

	2013	2012	2011	2013 to 2012		2012 to 2011	
				Increase/Decrease Amount	%	Increase/Decrease Amount	%
Operating revenues	\$ 5,119,368	\$ 4,990,481	\$ 4,717,192	\$ 128,887	2.58%	\$ 273,289	5.79%
Operating expenses	(36,111,282)	(35,029,344)	(34,011,443)	1,081,938	-3.09%	1,017,901	-2.99%
Operating loss	(30,991,914)	(30,038,863)	(29,294,251)	(953,051)	3.17%	(744,612)	2.54%
Nonoperating revenues	25,678,599	24,885,078	24,707,300	793,521	3.19%	177,778	0.72%
Capital contributions	6,218,439	4,354,568	2,380,940	1,863,871	42.80%	1,973,628	82.89%
Increase (decrease) in net position	\$ 905,124	\$ (799,217)	\$ (2,206,011)	\$ 1,704,341	-213.25%	\$ 1,406,794	-63.77%

The largest revenue category listed on the Statements of Revenues, Expenses, and Changes in Net Position is state and local operating assistance (72% in 2013, 68% in 2012). Most of this revenue is provided under the Transportation Development Act (TDA), which returns to Contra Costa County (County) ¼ cent of the sales tax collected in the County. The Authority is allocated a portion of the sales tax returned.

Operating a public transit service is labor intensive. Fifty-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 (decreases), change from prior year:

	2013	2012	2011	2013 to 2012 Increase/ Decrease	2012 to 2011 Increase/ Decrease
Passenger revenue	\$ 4,053,747	\$ 4,040,761	\$ 3,888,089	\$ 12,986	\$ 152,672
Special transit fares	1,065,621	949,720	829,103	115,901	120,617
Federal operating assistance	2,699,912	3,939,169	4,003,292	(1,239,257)	(64,123)
State and local operating assistance	22,293,230	20,280,117	20,060,073	2,013,113	220,044

Capital Assets

As of the end of fiscal year 2013, the Authority's capital assets, before accumulated depreciation, increased by \$1,230,600.

Details of the capital assets, net of accumulated depreciation as of June 30, 2013, 2012, and 2011 are as follows:

	2013	2012	2011	2013 to 2012		2012 to 2011	
				Increase/(Decrease)		Increase/(Decrease)	
				Amount	%	Amount	%
Land and land improvements	\$ 4,800,360	\$ 4,792,211	\$ 4,792,211	\$ 8,149	0.17%	\$ -	0.00%
Construction in process	306,661	306,661	247,748	-	0.00%	58,913	23.78%
Shop, office, other equipment, and service vehicles	4,506,212	6,263,056	6,222,023	(1,756,844)	-28.05%	41,033	0.66%
Buildings and structures	15,841,528	15,599,189	15,429,788	242,339	1.55%	169,401	1.10%
Revenue vehicles	53,324,299	50,587,343	52,150,119	2,736,956	5.41%	(1,562,776)	-3.00%
Total	78,779,060	77,548,460	78,841,889	1,230,600	1.59%	(1,293,429)	-1.64%
Less accumulated depreciation	(43,642,407)	(43,264,081)	(43,738,011)	(378,326)	-0.87%	473,930	1.08%
Net total	<u>\$ 35,136,653</u>	<u>\$ 34,284,379</u>	<u>\$ 35,103,878</u>	<u>\$ 852,274</u>	2.49%	<u>\$ (819,499)</u>	-2.33%

Long-Term Debt

At June 30, 2013, the Authority's long-term debt balance was \$1,171,425 which consisted of other post-employment benefits other than pension benefits and self insurance liabilities. Please refer to Note 12 in the notes to the financial statements for further details.

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 2014.

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.

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
STATEMENTS OF NET POSITION
JUNE 30, 2013 AND 2012**

	2013	2012
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 12,903,879	\$ 9,306,487
Capital and operating grants receivable	2,390,780	2,363,299
Materials and supplies	924,101	732,715
Other receivables, net of allowance \$(15,860) and \$(16,960)	721,824	690,132
Prepaid expenses and other assets	25,895	10,325
Total Current Assets	16,966,479	13,102,958
Capital Assets, Net (Note 5)	35,136,653	34,284,379
TOTAL ASSETS	\$ 52,103,132	\$ 47,387,337
<u>LIABILITIES AND NET POSITION</u>		
Current Liabilities		
Accounts payable	\$ 1,564,462	\$ 1,424,325
Due to other government, TDA payable (Note 12)	3,271,863	3,324,155
Deferred revenue grants	203,066	234,425
Deferred revenue PTMISEA (Note 6)	7,221,887	3,678,735
Compensated absences	1,254,538	1,133,300
Other accrued liabilities	715,340	688,048
Total Current Liabilities	14,231,156	10,482,988
Long-Term Liabilities		
Self-insurance liabilities (Note 8)	1,018,216	1,105,713
Other post-employment benefits liability (Note 11)	153,209	3,209
Total Long-Term Liabilities	1,171,425	1,108,922
TOTAL LIABILITIES	15,402,581	11,591,910
Net Position		
Net investment in capital assets	35,136,653	34,284,379
Unrestricted	1,563,898	1,511,048
TOTAL NET POSITION	36,700,551	35,795,427
TOTAL LIABILITIES AND NET POSITION	\$ 52,103,132	\$ 47,387,337

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

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Operating Revenues		
Passenger fares	\$ 4,053,747	\$ 4,040,761
Special transit fares	1,065,621	949,720
	<u>5,119,368</u>	<u>4,990,481</u>
Total Operating Revenues		
Operating Expenses		
Salaries and benefits	19,427,193	18,832,831
Materials and supplies	3,137,777	3,206,531
Services	1,849,138	1,573,363
Purchased transportation	5,071,559	5,191,808
Insurance	381,485	415,417
Other	312,151	113,187
Utilities	304,463	233,889
Taxes	319,107	293,854
Leases and rentals	38,175	35,977
Depreciation	5,270,234	5,132,487
	<u>36,111,282</u>	<u>35,029,344</u>
Total Operating Expenses		
Operating Loss	(30,991,914)	(30,038,863)
Nonoperating Revenues		
Federal operating assistance	2,699,912	3,939,169
State and local operating assistance	22,293,230	20,280,117
Advertising revenue	574,912	537,546
Interest income	16,340	14,988
Other revenue	85,865	100,627
Gain on sale of capital assets	8,340	12,631
	<u>25,678,599</u>	<u>24,885,078</u>
Total Nonoperating Revenues		
Net Loss Before Capital Contributions	(5,313,315)	(5,153,785)
Capital Contributions		
Grants restricted for capital expenditures (Note 3)	6,218,439	4,354,568
	<u>905,124</u>	<u>(799,217)</u>
Increase (Decrease) in Net Position		
Total Net Position, Beginning of Year	<u>35,795,427</u>	<u>36,594,644</u>
Total Net Position, End of Year	<u>\$ 36,700,551</u>	<u>\$ 35,795,427</u>

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

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 5,087,676	\$ 4,960,098
Payments to employees (salaries and benefits)	(19,216,160)	(18,890,399)
Payments to suppliers	<u>(11,480,674)</u>	<u>(10,239,208)</u>
Net Cash Used by Operating Activities	<u>(25,609,158)</u>	<u>(24,169,509)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal operating grants	2,699,912	3,939,169
State and local operating grants	22,240,938	19,817,343
Other noncapital revenue	<u>660,777</u>	<u>638,173</u>
Net Cash Provided by Noncapital Financing Activities	<u>25,601,627</u>	<u>24,394,685</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of property and equipment	50,100	33,926
Capital grants received	9,756,922	6,428,517
Expenditures for capital asset purchases	<u>(6,218,439)</u>	<u>(4,354,568)</u>
Net Cash Flows Provided by Capital and Related Financing Activities	<u>3,588,583</u>	<u>2,107,875</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>16,340</u>	<u>14,988</u>
Net Increase in Cash and Cash Equivalents	3,597,392	2,348,039
Cash and Cash Equivalents, Beginning of Year	<u>9,306,487</u>	<u>6,958,448</u>
Cash and Cash Equivalents, End of Year	<u>\$ 12,903,879</u>	<u>\$ 9,306,487</u>

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

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
STATEMENTS OF CASH FLOWS (Continued)
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Operating Loss	\$ (30,991,914)	\$ (30,038,863)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation	5,270,234	5,132,487
Changes in assets and liabilities:		
(Increase) in receivables	(31,692)	(30,383)
(Increase) Decrease in materials and supplies	(191,386)	47,537
(Increase) Decrease in prepaid expenses	(15,570)	171,813
Increase in accounts payable	140,137	605,468
Increase (Decrease) in other liabilities and compensated absences	<u>211,033</u>	<u>(57,568)</u>
Net Cash Used by Operating Activities	<u>\$ (25,609,158)</u>	<u>\$ (24,169,509)</u>

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

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

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 (loss) resulting in an increase in net revenue of \$6,218,439 and \$4,354,568 for the fiscal years ended June 30, 2013 and 2012, respectively.

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

Net Position

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Accounting and Presentation (Continued)

Classification of Revenue

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the 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, 2013 and 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 position – invested in capital assets, net of related debt after being charged to operations.

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

F. Deferred 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**G. Self-Insurance Liabilities**

The Authority is self-insured for public liability and property damage for the first \$250,000 for each occurrence. Claims between \$250,000 and \$1,000,000 are insured through a compensation pool with the California Transit Systems Joint Powers Insurance Authority 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.

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 (Assembly Bill (AB) 434 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)K. Funding Sources/Programs (Continued)**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 _____, 2013, which is the date the financial statements were available to be issued.

M. Implementation of New Accounting Pronouncements

The Authority adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective June 30, 2013. This caused the names of the Authority's Basic Financial Statements to change; thus, they are now referred to as the *Statements of Net Position* and the *Statements of Revenues, Expenses, and Changes in Net Position*.

During the year, the Authority was also required to implement several standards that were implemented with no effect on the financial statements:

Statement No. 60	<i>Accounting and Financial Reporting for Service Concession Arrangements</i>	Improves financial reporting by addressing issues related to service concession arrangements.
Statement No. 61	<i>The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34</i>	Clarifies the reporting of equity interest in legally separate organizations and requires primary government to report its equity interest in a component unit as an asset.
Statement No. 62	<i>Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements</i>	Improves financial reporting by contributing to GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source.
Statement No. 64	<i>Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53</i>	Clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider.
Statement No. 66	<i>Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62</i>	Improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of GASB Statements No. 54 and No. 62.

N. 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:

	2013	2012
Cash on hand	\$ 330	\$ 530
Cash in banks	248,785	1,753,050
Investments	12,654,764	7,552,907
	\$ 12,903,879	\$ 9,306,487

Cash on Hand and Cash in Banks

Investments Authorized by the California Government Code and the Authority’s Investment Policy

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Negotiable Certificates of Deposit*	5 years	30%	None
County Pooled Investment Funds	N/A	100%	None
Local Agency Investment Fund (LAIF)	N/A	None	None

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

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

Investment in State Investment Pool

The Authority is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the Authority’s investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

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

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

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:

2013		Remaining Maturity (in Months)			
Investment Type	Amount	12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
LAIF	<u>\$ 12,654,764</u>	<u>\$ 12,654,764</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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	<u>\$ 7,552,907</u>	<u>\$ 7,552,907</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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:

2013		Minimum Legal Rating	Exempt From Disclosure	Rating as of Year-End		
Investment Type	Amount			AAA	Aa	Not Rated
LAIF	<u>\$ 12,654,764</u>	<u>N/A</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,654,764</u>
2012		Minimum Legal Rating	Exempt From Disclosure	Rating as of Year-End		
Investment Type	Amount			AAA	Aa	Not Rated
LAIF	<u>\$ 7,552,907</u>	<u>N/A</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,552,907</u>

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

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

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: \$1,128,822 and \$2,043,124 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, 2013 and 2012, 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, 2013 or 2012.

NOTE 3 – CAPITAL GRANTS

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

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

	<u>2013</u>	<u>2012</u>
Federal grants	\$ 3,968,707	\$ 3,214,729
State grants	1,665,372	760,495
TDA (local transportation grants)	<u>584,360</u>	<u>379,344</u>
Total Capital Assistance	<u>\$ 6,218,439</u>	<u>\$ 4,354,568</u>

NOTE 4 – OPERATING GRANTS

The Authority receives local transportation fund allocations pursuant to the 1971 State TDA. These funds are generated within the County of Contra Costa and are allocated based on annual claims filed by the Authority and approved by the Metropolitan Transit Commission (MTC). Generally, the maximum annual TDA assistance the Authority can receive is limited to its actual operating costs less fare revenues received, federal operating assistance received, and other local operating assistance (toll bridge revenue allocations, local sales tax allocations, and related interest income). In computing the maximum TDA assistance eligibility, the Authority excludes safe harbor lease income, which for the years ended June 30, 2013 and 2012, was \$4,315 and \$5,354, respectively. For the years ended June 30, 2013 and 2012, the Authority's maximum TDA assistance eligibility was \$11,713,067 and \$11,505,362, respectively.

During the fiscal years ended June 30, 2013 and 2012, the Authority earned \$4,987,198 and \$4,395,988, 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 bus services to alleviate congestion and improve mobility; transportation for seniors and people with disabilities; express bus service; and bus transit improvements.

In addition, the Authority receives funding for the following programs:

Bus Services

Five percent of annual revenues are for bus service provided by all Contra Costa bus transit operators to alleviate traffic congestion and improve regional or local mobility for Contra Costa.

Transportation for Seniors and People with Disabilities

Five percent of revenues are for transportation services for seniors and people with disabilities.

Express Bus

Provide express bus service to transport commuters to and from residential areas, park and ride lots, San Francisco Bay Area Rapid Transit (BART) stations/transit centers, and key employment centers.

Additional Bus Transit Enhancements

In addition to the \$100 million for bus transit improvements countywide, additional funding is allocated for bus transit improvements in two subregions: Central County (\$24 million) and West County (\$44.5 million).

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.

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

Capital assets activity at June 30 is shown below:

June 30, 2013

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Capital Assets Not Being Depreciated:				
Construction in process	\$ 306,661	\$ -	\$ -	\$ 306,661
Land	2,704,785	-	-	2,704,785
Total Capital Assets Not Being Depreciated	3,011,446	-	-	3,011,446
Capital Assets Being Depreciated:				
Land improvements	2,087,426	8,149	-	2,095,575
Shop, office, other equipment, and service vehicles	6,263,056	199,779	1,956,623	4,506,212
Buildings and structures	15,599,189	242,339	-	15,841,528
Revenue vehicles	50,587,343	5,714,005	2,977,049	53,324,299
Total Capital Assets Being Depreciated	74,537,014	6,164,272	4,933,672	75,767,614
Less Accumulated Depreciation for:				
Land improvements	2,084,023	768	-	2,084,791
Shop, office, other equipment, and service vehicles	5,045,123	261,300	1,914,863	3,391,560
Buildings and structures	9,931,300	616,585	-	10,547,885
Revenue vehicles	26,203,635	4,391,581	2,977,045	27,618,171
Total Accumulated Depreciation	43,264,081	5,270,234	4,891,908	43,642,407
Total Capital Assets Being Depreciated, Net	31,272,933	894,038	41,764	32,125,207
Total Capital Assets, Net	<u>\$ 34,284,379</u>	<u>\$ 894,038</u>	<u>\$ 41,764</u>	<u>\$ 35,136,653</u>

Depreciation expense for the year ended June 30, 2013, was \$5,270,234.

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	<u>\$ 35,103,878</u>	<u>\$ (798,197)</u>	<u>\$ 21,302</u>	<u>\$ 34,284,379</u>

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

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 (Proposition 1B). Of the \$19.925 billion of state general obligation bonds authorized, \$4 billion was set aside by the State as instructed by statute as the 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, 2013, the Authority received funds of \$3,875,982 for the rolling stock replacement of 10 buses and facility rehabilitation, and interest of \$10,636 from the State's PTMISEA account for construction at a transportation center at Pacheco, rolling stock replacement buses and vans, and the Martinez bus stop project. As of June 30, 2013, there were \$343,466 of expenditures incurred related to the fixed route bus purchases. The remaining proceeds of \$7,221,887, 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.

	<u>2013</u>	<u>2012</u>
Deferred revenue, beginning of year	\$ 3,678,735	\$ 1,463,445
Proposition 1B (PTMISEA) funds allocated	3,875,982	2,561,941
Proposition 1B (PTMISEA) interest earned	10,636	7,422
Proposition 1B (PTMISEA) expenditures	<u>(343,466)</u>	<u>(354,073)</u>
Deferred revenue, end of year	<u>\$ 7,221,887</u>	<u>\$ 3,678,735</u>

NOTE 7 – EMPLOYEES' RETIREMENT PLANPlan 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 2012-13 was 5.219%. The funded ratio of the plan is 107.1% as of the June 30, 2010, actuarial valuation, meaning the plan can fully cover 100% of the covered employees and has excess funding available. The contribution requirements of the plan members are established by state statute and the employer contribution rate is established and may be amended by CalPERS.

NOTE 7 – EMPLOYEES’ RETIREMENT PLAN (Continued)Annual Pension Cost

For fiscal year 2012-13, the Authority’s annual required pension cost was \$664,020 and the Authority contributed \$664,020. The plan is currently overfunded and the required contribution for fiscal year 2012-13 was determined as part of the June 30, 2010, 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, 2013, was 30 years.

Three-Year Trend Information for the Plan

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2011	\$ 608,417	100.0%	\$ -
6/30/2012	645,940	100.0%	-
6/30/2013	664,020	100.0%	-

Required Supplementary Information - Funded Status of Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (B)</u>	<u>Overfunded AAL (OAAL) (B-A)</u>	<u>Funded Ratio (B/A)</u>	<u>Covered Payroll (C)</u>	<u>OAAL as a Percentage of Covered Payroll [(A-B)/C]</u>
6/30/2008	\$ 55,087,230	\$ 49,153,981	\$ (5,933,249)	112.1%	\$14,374,317	-41.28%
6/30/2009	58,609,008	54,287,105	(4,321,903)	108.0%	12,896,961	-33.51%
6/30/2010	62,352,007	58,232,048	(4,119,959)	107.1%	12,990,109	-31.72%

NOTE 8 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority is self-insured for public liability and property damage up to \$250,000 per occurrence. Claims between \$250,000 and \$1,000,000 are insured through the California Transit Systems Joint Powers Insurance Authority (CalTIP), a joint powers agency (risk sharing pool) established in 1987 to provide an independently managed self-insurance program for member transit operators. Claims in excess of the pool limit are covered by excess insurance purchased by CalTIP up to \$20 million per occurrence. Specifically, the Authority has the following forms of coverage through CalTIP:

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

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

NOTE 8 – RISK MANAGEMENT (Continued)

The Authority makes payments to CalTIP based on actuarial estimates of the amounts needed to pay prior year and current year claims. The claims liability of \$132,157 and \$159,124 at June 30, 2013 and 2012, 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. 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 also is a member of California State Association of Counties Excess Insurance Authority (CSAC-EIA), which purchases ACE American Insurance \$45 million excess of \$5 million and National Union Fire Insurance Co. statutory coverage excess of \$50 million.

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 \$886,059 and \$946,589 at June 30, 2013 and 2012, 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, 2013 and 2012, this fund, including accrued interest, totaled \$1,437,593 and \$1,433,278, 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, 2013 and 2012, totaled \$132,157 and \$159,124, respectively, and for the workers' compensation totaled \$886,059 and \$946,589, respectively.

NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITSPlan 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, 2013, the Authority had 135 retirees, of which 52 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 2012-13, the Authority's annual OPEB cost was \$343,984. 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, 2013 and 2012, were as follows:

	<u>2013</u>	<u>2012</u>
Annual required contribution	\$ 344,127	\$ 344,127
Interest on net OPEB obligation	177	658
Adjustments to annual required contribution	<u>(320)</u>	<u>(1,192)</u>
Annual OPEB cost	343,984	343,593
Contributions made	<u>(343,984)</u>	<u>(352,347)</u>
Change in net OPEB obligation (asset)	-	(8,754)
Net OPEB obligation (asset) - beginning of year	<u>3,209</u>	<u>11,963</u>
Net OPEB obligation (asset) - end of year	<u>\$ 3,209</u>	<u>\$ 3,209</u>

The Authority's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year 2012-13 and the two preceding years are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>Actual</u> <u>Employer</u> <u>Contributions</u>	<u>Percentage of</u> <u>Annual OPEB Cost</u> <u>Contributed</u>	<u>Net Ending</u> <u>OPEB</u> <u>Obligation (Asset)</u>
2011	\$ 233,920	\$ 233,307	99.74%	\$ 11,963
2012	343,593	352,347	102.55%	3,209
2013	343,984	343,984	100.00%	3,209

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

Funding Policy, Funded Status, and Funding Progress

The Authority's required contribution for 2012-13 was based on fully funded financing requirements. For fiscal year 2012-13, the Authority contributed \$343,984 to the plan.

As of July 1, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$7,322,135, and the unfunded portion was \$6,531,977. 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, presents 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, 2013, was 27 years.

Retiree Health Savings Plan Trust

On June 20, 2013, the Board approved the establishment of a Retirement Health Savings Program Trust to provide a one-time contribution of \$15,000 per eligible employee for current employees who had been in the CalPERS medical program since March 1, 1990. The total number of employees that were eligible for this one-time contribution was 10 employees. Benefits are provided through the Vantage Care Retirement Health Savings Plan. Each individual's account will become fully vested upon death, disability, separation from service, or attainment of eligibility as outlined in the trust adoption agreement. The funding to the trust for the eligible employees, as described above did not occur until after year-end. As such, the Authority accrued \$150,000 as a liability and is included in the other post-employment benefits liability in the Statements of Net Position as of June 30, 2013.

NOTE 12 – CHANGES IN LONG-TERM DEBT

A summary of changes in long-term debt at June 30, 2013 and 2012, follows:

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013	Due Within One Year
Self Insurance Liabilities	\$ 1,105,713	\$ 245,924	\$ 333,421	\$ 1,018,216	\$ -
Compensated Absences	1,133,300	1,018,813	897,575	1,254,538	1,254,538
OPEB	3,209	493,984	343,984	153,209	-
Totals	\$ 2,242,222	\$ 1,758,721	\$ 1,574,980	\$ 2,425,963	\$ 1,254,538

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012	Due Within One Year
Self Insurance Liabilities	\$ 1,071,592	\$ 240,822	\$ 206,701	\$ 1,105,713	\$ -
Compensated Absences	1,234,118	863,959	964,777	1,133,300	1,133,300
OPEB	11,963	343,593	352,347	3,209	-
Totals	\$ 2,317,673	\$ 1,448,374	\$ 1,523,825	\$ 2,242,222	\$ 1,133,300

NOTE 13 – 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, 2013 and 2012. 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).

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 follows:

	2013	2012
LTF Allocations for Public Transportation Services:		
99260(a)	\$ 12,773,444	\$ 12,422,835
Less: applicable expenses	(11,074,919)	(10,849,497)
Unused portion to revert back to (balance due from)		
Contra Costa County's LTF (Current Year and Prior Year)	1,698,525	1,573,338
Prior year unused portion not returned	1,573,338	1,750,817
Total Unused Portion to Revert Back to Contra Costa County's LTF	3,271,863	3,324,155
LTF Allocations for Community Transit Services:		
99275 and 99260(a)	638,144	655,865
Less: applicable expenses	(638,144)	(655,865)
Unused portion to revert back to		
Contra Costa County's LTF	-	-
Total Due Back to Contra Costa County's LTF	3,271,863	3,324,155
Due Back (From) MTC	-	-
Net Due Back to Contra Costa County's LTF	\$ 3,271,863	\$ 3,324,155

NOTE 14 – EMPLOYEE BENEFITS – DEFERRED COMPENSATION PLAN

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

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

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

NOTE 15 – FUTURE GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS

Recently, the GASB issued several GASB statements affecting future years as follows:

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. However, the Authority does not expect a significant impact on its financial statements upon implementation of this statement.

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.

REQUIRED SUPPLEMENTARY INFORMATION

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
SCHEDULE OF FUNDING PROGRESS
POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS
JUNE 30, 2013**

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	790,158	7,322,135	6,531,977	10.79%	13,510,453	48.35%

SUPPLEMENTARY SCHEDULE AND OTHER REPORTS

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Expenditures</u>
U.S. DEPARTMENT OF TRANSPORTATION		
Direct Programs:		
FTA Capital and Operating Assistance Grants	20.507	
Grant CA-90-Y037-00 - Capital and Operating		\$ 75,479
Grant CA-90-Y890-00 - Capital and Operating		2,002,433
Grant CA-90-Y985-00 - Capital and Operating		3,825,580
Grant CA-90-Z065-00 - Capital and Operating		667,479
Grant CA-04-0250-01 - Capital and Operating		<u>65,535</u>
 Total FTA Capital and Operating Assistance Grants		 <u>6,636,506</u>
 Total FTA Grants		 <u><u>\$ 6,636,506</u></u>

See accompanying notes to schedule of expenditures of federal awards.

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2013**

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.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Central Contra Costa Transit Authority (the Authority) as of and for the fiscal year ended June 30, 2013, and have issued our report thereon dated _____, 2013.

Compliance

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements applicable to the Authority, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Additionally, 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, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards* and the Transportation Development Act.

Purpose of this Report

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

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
_____, 2013

**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, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Central Contra Costa Transit Authority (the Authority) as of and for the year ended June 30, 2013, and related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated _____, 2013.

Internal Control Over Financial Reporting

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

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

We noted no other matters involving internal control over financial reporting. However, we have issued a separate letter dated _____, 2013, to report the disposition of our comments in the prior year.

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, 2013, the Authority applied for and received proceeds of \$3,875,982 for the rolling stock replacement of 10 buses and facility rehabilitation, and interest of \$10,636 from the State’s PTMISEA account for construction at a transportation center at Pacheco, rolling stock replacement buses and vans, and the Martinez bus stop project. As of June 30, 2013, there were \$343,466 of expenditures incurred related to the fixed route bus purchases. As of June 30, 2013, PTMISEA funds received and expended were verified in the course of our audit as follows:

Balance – beginning of the year	\$3,678,735
Proceeds received:	
PTMISEA	3,875,982
Interest earned	10,636
Expenditures incurred:	
Fixed route bus purchases	<u>(343,466)</u>
Unexpended proceeds, June 30, 2013	<u>\$7,221,887</u>

Purpose of this Report

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Bakersfield, California
_____, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the Central Contra Costa Transit Authority's (the Authority) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) 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, 2013. The Authority's major federal programs are identified in the summary of auditor's result section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination on the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the Authority, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated _____, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Bakersfield, California
_____, 2013

FINDINGS AND QUESTIONED COSTS SECTION

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2013**

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)?	No

C. Identification of major programs

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

Section II – Financial Statement Audit Findings and Questioned Costs

None.

Section III – Federal Awards Findings and Questioned Costs

None.

Section IV – Summary of Prior Audit (June 30, 2012) Findings and Current Year Status

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.

Current Year Status

The Authority implemented a disbursement of federal funds policy and procedures as of December 20, 2012.

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, 2013, 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.

The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. We noted no matters involving the internal control structure and its operation during the current year. We are providing the disposition of the prior year comments.

Current Year Findings and Recommendations

None.

Status of Prior 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.

Current Year Status

The Authority implemented a review of the client prepared schedules for compensated absences vacation accrual and workers' compensation reserve and liability reserve.

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
_____, 2013

CENTRAL CONTRA COSTA TRANSIT AUTHORITY

**AGREED-UPON PROCEDURES FOR
URBANIZED AREA FORMULA
DATA REVIEW**

**FOR THE FISCAL YEAR ENDING
JUNE 30, 2013**

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 Federal Funding Allocation Form (FFA - 10) of the Central Contra Costa Transit Authority's (the Authority) annual National Transit Database (NTD) report:

- A system is in place and maintained for recording data in accordance with NTD definitions. The correct data 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 FFA - 10 for the fiscal year ending June 30, 2013. Such procedures, which were agreed to and specified by FTA in the 2013 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 FFA - 10 for the fiscal year ending June 30, 2013, is presented in conformity with the requirements of the Uniform System of Accounts (USOA) and Records and Reporting System; Final Rule, as specified in 49 Code of Federal Regulations (CFR) Part 630, *Federal Register*, January 15, 1993; and as presented in the 2013 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, 2013, for each of the following modes:

- 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 2013 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 2013 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 FFA - 10.
- 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 FFA - 10. 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.

- 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 FFA - 10 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.

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 FFA - 10 for the fiscal year ending June 30, 2013, 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 2013 Reporting Manual. However, we noted a discrepancy in the demand response NTD internet reporting source documents (pertaining to procedure K as described above) for the month of November 2012. The vehicle service miles were inadvertently reported as vehicle revenue miles. The Authority is required to report the vehicle revenue miles to NTD as part of the NTD Internet Reporting on a monthly basis. The error resulted in an overstatement of vehicle revenue miles for the month of November 2012. This error was not noted in the annual report (FFA – 10).

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Bakersfield, California
_____, 2013

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

To the Audit and Finance Committees
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, 2013. 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 May 20, 2013. 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. As described in Note 1 to the financial statements, the Authority implemented the following standards in 2013: Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*; No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34*; No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – An Amendment of GASB Statement No. 53*; and No. 66, *Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62*. The implementation of the above standards did not significantly impact the Authority's financial statements. 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.
- Post-Employment Benefits Other Than Pension Benefits Liability – This 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.

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. Management has corrected all such misstatements. In addition none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in aggregate to the financial statements taken 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.

DRAFT

This information is intended solely for the use of the Audit and Finance Committees, 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

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Central Contra Costa Transit Authority (the Authority) solely to assist you with respect to reviewing the STA and TDA funds allocated by MTC, to review the cost of diesel fuel purchased by the Authority and to review the PERS benefits paid by the Authority for the fiscal year ended June 30, 2013, and compare to the prior fiscal year ended June 30, 2012. Management is responsible for the Authority's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

- 1) Obtained the Authority's final amounts of STA and TDA funds received according to MTC for the fiscal years ended June 30, 2013 and 2012. Verified that the MTC allocation for fiscal year 2013 was not reduced from the allocation in 2012.

Finding: The 2013 MTC final allocation was not reduced from the prior year allocation. Refer to the attached schedule.

- 2) Obtained the cost of the diesel fuel purchased by the Authority for the fiscal years ended June 30, 2013 and 2012. Verified that the average cost of diesel fuel purchased in fiscal year 2013 did not increase by \$500,000 over prior fiscal year or \$0.75 per gallon when compared to the average cost in fiscal year 2012.

Finding: The 2013 diesel fuel purchased by the Authority for the fiscal year-end June 30, 2013, did not increase by \$500,000 over prior year. Refer to the attached schedule.

- 3) Obtained a schedule of the PERS benefits (other than OPEB) paid by the Authority for fiscal years ended June 30, 2013 and 2012. Verified that the increase for fiscal year 2013 over fiscal year 2012 did not exceed over \$1,000,000.

Finding: The PERS benefits (other than OPEB) paid by the Authority for fiscal year-end June 30, 2013, did not exceed over \$1,000,000. Refer to the attached schedule.

DRAFT

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Bakersfield, California
_____, 2013

Criteria	Description of Criteria	Revenue	2013	2012	\$ Change
(a)	Final amount of STA or TDA funds per MTC - must not be reduced from the prior year				
		TDA 4.0	\$ 15,049,512	\$ 13,826,404	
		TDA 4.5	<u>687,804</u>	<u>637,356</u>	
	Total TDA		<u>15,737,316</u>	<u>14,463,760</u>	1,273,556
		STA Pop-FR	2,282,444	2,215,496	
		STA- Regl Paratransit	365,079	296,014	
		STA Rev based	<u>684,632</u>	<u>585,569</u>	
	Total STA		<u>\$ 3,332,155</u>	<u>\$ 3,097,079</u>	
	Total STA and TDA		<u>\$ 19,069,471</u>	<u>\$ 17,560,839</u>	\$ 1,508,632
(b)	Cost of diesel fuel purchased by the Authority (increase is not greater than \$500,000 from prior year). This increase will occur if the average cost of diesel fuel purchased during FY 2013 increased by \$0.75 per gallon when compared to the average in FY 2012		<u>\$ 2,030,390</u>	<u>\$ 2,119,921</u>	\$ (89,531)
(c)	PERS benefits paid by the Authority , other than OPEB, did not increase by over \$1,000,000 from the prior year		<u>\$ 1,182,713</u>	<u>\$ 1,152,465</u>	\$ 30,248

County Connection

INTER OFFICE MEMO

To: Administration & Finance Committee
From: Kathy Casenave
Director of Finance

Date: November 26, 2013

SUBJECT: County Connection Income Statements for the Three Months Ended September 30, 2013

The attached unaudited Income Statements for the three months of FY 2014 are presented for your review. The combined actual expenses, Fixed Route and Paratransit, (Schedule 1), **are 5.2% under the year to date budget (\$447,740). The expense categories with the most significant variances are:**

Operator wages	\$ 82,908	4.4%	Operator wages are over mainly due to training costs and contract negotiations. More detail is included on Schedule 4.
Other wages	\$(49,238)	(3.5)%	Other wages are lower mainly in Maintenance Dept.
Services	\$(97,144)	(17.0)%	Services are lower mainly due to management services expenses, graphics, promotions, legal & outside service repairs.
Materials & Supplies	\$(127,570)	(13.5)%	Materials and supplies are lower mainly due to diesel fuel (\$115k).
Purchased transportation	\$(55,365)	(4.17)%	Purchased transportation is less due to less contract cost for services provided.

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 5.6% under budget and Paratransit expenses are 2.8% under budget.

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

Passenger fares	\$(66,284)	(6.8)%	Fixed route passenger fares are lower because of lower than expected BART Plus revenue.
Federal Operating	\$ 235,137	(9.6)%	Federal revenue is more because funds left over from latest bus purchase were converted to preventive maintenance revenue.
TDA revenue earned	\$(391,041)	(8.5)%	TDA earned revenue is lower because it is not needed because expenses are less than budgeted.
Measure J	\$(162,508)	(11.6)%	Measure J is lower mainly due to timing of receipts but also actual allocation will be about \$200k less than budgeted.

Fixed Route Operator Wages (Schedule 4)

Schedule 4 compares various components of operator wages with the budget.

- Guarantees are 16% over budget.
- Overtime is 6.9% over budget.
- Training is 93.4% over budget.
- Other wages are 294.6% \$(22K) are over budget due to contract negotiations.
- Overall wages for operators are 4.4% more than budget.

Schedule 6 provides selected statistical information for the current year compared to the last two years:

Fixed route:

- Passenger fares are 4.3% less than FY 2013 and 1.5% more compared to FY 2012.
- The farebox recovery ratio is lower compared to FY 2013 and FY 2012. The ratio is 15.2% in FY 2014; 16.3% in FY 2013 and 15.7% in FY 2012.
- Operating expenses are 6.2% more than in FY 2013 and 6.7% more than in FY 2012.
- Fixed route revenue hours are 3.1% more than FY 2013 and 3.8% more than FY 2012.
- The cost per revenue hour has increased 3% compared to FY 2013 and FY 2012.
- Passengers have increase 3.8% compared to FY2013 and 1.1% compared to FY 2012.
- The cost per passenger has increased 2.3% compared to FY 2013 and increased 5.6% compared to FY 2012.
- Passengers per revenue hour have increased .7% compared to FY 2013 and decreased 2.8% compared to FY 2012.

Paratransit:

- Passenger fares have decreased 15.7% compared to FY 2013 and 38.4% compared to FY 2012.
- The farebox ratio is less than FY 2013 and FY 2012. The ratio is 9.1% in FY 2014; 10.8% in FY 2013; and 12.7% in FY 2012.
- Expenses have decreased .4% from the prior year and have increased 1% compared to FY 2012.
- Revenue hours are 12.2% less than FY 2013 and 7.2% less than FY 2012.
- Passengers have increased 4.5% compared to FY 2013 and decreased 2.9% compared to FY 2012.
- The cost per passenger has decreased 4.7% since FY 2013 and increased 3.8% compared to FY 2012.
- Paratransit passengers per revenue hour have increased 19% compared to FY 2013 and 4% compared to FY 2012.

CENTRAL CONTRA COSTA TRANSIT AUTHORITY

FY 2014 Year to Date Comparison of Actual vs Budget

Combined Fixed Route and Paratransit Income Statement

For the Three Months Ended September 30, 2013

	Actual	Budget	Variance	% Variance
Revenues				
Passenger fares	\$ 915,425	\$ 981,709	\$ (66,284)	-6.8%
Special fares	246,920	228,112	18,808	8.2%
	1,162,345	1,209,821	(47,476)	-3.9%
Advertising	138,038	143,024	(4,986)	-3.5%
Safe Harbor lease	930	1,250	(320)	-25.6%
Other revenue	6,268	28,825	(22,557)	-78.3%
Federal operating	411,811	176,674	235,137	133.1%
TDA earned revenue	4,200,006	4,591,047	(391,041)	-8.5%
STA revenue	766,500	766,500	-	0.0%
Measure J	1,233,902	1,396,410	(162,508)	-11.6%
Other operating assistance	274,118	328,108	(53,990)	-16.5%
	7,031,573	7,431,837	(400,265)	-5.4%
Total Revenue	\$ 8,193,918	\$ 8,641,658	\$ (447,740)	-5.2%
Expenses				
Wages- Operators	\$ 1,957,176	\$ 1,874,268	\$ 82,908	4.4%
Wages-Other	1,363,340	1,412,578	(49,238)	-3.5%
	3,320,516	3,286,846	33,670	1.0%
Fringe Benefits	2,050,733	2,058,584	(7,851)	-0.4%
Services	475,492	572,636	(97,144)	-17.0%
Materials & Supplies	814,125	941,695	(127,570)	-13.5%
Utilities	56,738	84,825	(28,087)	-33.1%
Insurance	100,673	106,961	(6,288)	-5.9%
Taxes	59,958	78,900	(18,942)	-24.0%
Leases and Rentals	6,695	10,175	(3,480)	-34.2%
Miscellaneous	20,872	32,555	(11,683)	-35.9%
Special Trip Services	1,288,116	1,343,481	(55,365)	-4.1%
Operations	8,193,918	8,516,658	(322,740)	-3.8%
Contingency Reserve	0	125,000	(125,000)	-100.0%
Total Expenses	\$ 8,193,918	\$ 8,641,658	\$ (447,740)	-5.2%
Net Income (Loss)	\$ -	\$ -	\$ -	
Revenue Hours				
	72,011	71,094	917	1.3%
Cost per Rev Hr	\$ 113.69	\$ 121.41	\$ (7.72)	-6.4%
Passengers				
	840,486	816,336	24,150	3.0%
Cost per Passenger	\$ 9.75	\$ 10.59	\$ (0.84)	-7.9%
Farebox ratio	14.2%	14.0%	0.2%	1.3%

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

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
FY 2014 Year to Date Comparison of Actual vs Budget
Fixed Route Income Statement
For the Three Months Ended September 30, 2013

	Actual		Budget		Variance		% Variance
Revenues							
Passenger fares	\$ 794,254	\$	849,349	\$	(55,095)		-6.5%
Special fares	246,920		228,112		18,808		8.2%
	1,041,174		1,077,461		(36,287)		-3.4%
Advertising	\$ 138,038		143,024		(4,986)		-3.5%
Safe Harbor lease	930		1,250		(320)		-25.6%
Other revenue	6,256		28,750		(22,494)		-78.2%
Federal operating	242,637		7,500		235,137		3135.2%
TDA earned revenue	3,783,110		4,127,975		(344,865)		-8.4%
STA revenue	537,471		537,471		-		0.0%
Measure J	881,548		1,070,581		(189,033)		-17.7%
Other operating assistance	231,877		278,384		(46,507)		-16.7%
	5,821,867		6,194,935		(373,068)		-6.0%
Total Revenue	\$ 6,863,041	\$	7,272,396	\$	(409,355)		-5.6%
Expenses							
Wages- Operators	\$ 1,957,176	\$	1,874,268	\$	82,908		4.4%
Wages-Other	1,338,337		1,389,828		(51,491)		-3.7%
	3,295,513		3,264,096		31,417		1.0%
Fringe Benefits	2,038,065		2,046,418		(8,353)		-0.4%
Services	473,140		563,403		(90,263)		-16.0%
Materials & Supplies	814,125		940,945		(126,820)		-13.5%
Utilities	52,197		79,500		(27,303)		-34.3%
Insurance	100,673		106,961		(6,288)		-5.9%
Taxes	59,958		78,750		(18,792)		-23.9%
Leases and Rentals	6,695		10,175		(3,480)		-34.2%
Miscellaneous	20,872		32,325		(11,453)		-35.4%
Purchased Transportation	1,803		24,823		(23,020)		-92.7%
Operations	6,863,041		7,147,396		(284,355)		-4.0%
Contingency Reserve			125,000		(125,000)		
Total Expenses	\$ 6,863,041	\$	7,272,396	\$	(409,355)		-5.6%
Net Income (Loss)	\$ -	\$	-	\$	-		
Revenue Hours	53,237		52,588		649		1.2%
Cost per Rev Hr	\$ 128.79	\$	138.10	\$	(9.31)		-6.7%
Passengers	803,030		783,639		19,391		2.5%
Cost per Passenger	\$ 8.55	\$	9.28	\$	(0.73)		-7.9%
Passengers per Rev Hr	15.08		14.90		0.18		1.2%
Farebox recovery ratio	15.2%		15.1%		0.1%		0.6%

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

CENTRAL CONTRA COSTA TRANSIT AUTHORITY

Paratransit Income Statement

FY 2014 Year to Date Comparison of Actual vs Budget

For the Three Months Ended September 30, 2013

	Actual	Budget	Variance	% Variance
Revenues				
Passenger fares	\$ 121,171	\$ 132,360	\$ (11,189)	-8.5%
	121,171	132,360	(11,189)	-8.5%
Advertising		-	-	
Other revenue	12	75	(63)	-84.0%
Federal operating	169,174	169,174	-	0.0%
TDA earned revenue	416,896	463,071	(46,175)	-10.0%
STA revenue	229,029	229,029	-	0.0%
Measure J	352,354	325,829	26,525	8.1%
Other operating assistance	42,241	49,724	(7,483)	-15.0%
	1,209,706	1,236,902	(27,196)	-2.2%
Total Revenue	\$ 1,330,877	\$ 1,369,262	\$ (38,385)	-2.8%
Expenses				
Wages- Operators		\$ -	\$ -	0.0%
Wages-Other	\$ 25,003	\$ 22,750	\$ 2,253	9.9%
	25,003	22,750	2,253	9.9%
Fringe Benefits	12,668	12,166	502	4.1%
Services	2,352	9,233	(6,881)	-74.5%
Materials & Supplies		750	(750)	-100.0%
Utilities	4,541	5,325	(784)	-14.7%
Taxes		150	(150)	-100.0%
Miscellaneous		230	(230)	-100.0%
Special Trip Services	1,286,313	1,318,658	(32,345)	-2.5%
Total Expenses	\$ 1,330,877	\$ 1,369,262	\$ (38,385)	-2.8%
Net Income (Loss)	\$ -	\$ -	\$ -	
<i>Revenue Hours</i>	<i>18,774</i>	<i>18,506</i>	<i>268</i>	<i>1.4%</i>
<i>Cost per Rev Hr</i>	<i>\$ 70.89</i>	<i>\$ 73.99</i>	<i>\$ (3.10)</i>	<i>-4.2%</i>
<i>Passengers</i>	<i>37,456</i>	<i>32,697</i>	<i>4,759</i>	<i>14.6%</i>
<i>Cost per Passenger</i>	<i>\$ 35.53</i>	<i>\$ 41.88</i>	<i>\$ (6.35)</i>	<i>-15.2%</i>
<i>Passengers per Rev Hr</i>	<i>2.00</i>	<i>1.77</i>	<i>0.23</i>	<i>12.9%</i>
<i>Farebox ratio</i>	<i>9.1%</i>	<i>9.7%</i>	<i>-0.6%</i>	<i>-5.8%</i>
<i>(fares,spec fares/Oper exp-leases)</i>				

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
Operator Wages
For the Three Months Ended September 30, 2013

	Actual	Year to Date	Budget	Variance	% Variance
Platform/report/turn in	\$ 1,498,289	\$	1,504,422	\$ (6,133)	-0.4%
Guarantees	94,962	\$	81,865	13,097	16.0%
Overtime	64,902	\$	60,713	4,189	6.9%
Spread	45,485	\$	42,169	3,316	7.9%
Protection	96,024	\$	89,552	6,472	7.2%
Travel	61,263	\$	53,520	7,743	14.5%
Training	66,879	\$	34,583	32,296	93.4%
Other Misc	29,372	\$	7,444	21,928	294.6%
	\$ 1,957,176	\$	1,874,268	\$ 82,908	4.4%

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
Other Revenue; Other Operating Assistance; Miscellaneous Expenses
For the Three Months Ended September 30, 2013

Other Revenue	
Investment income (interest)	\$ 2,249
ADA Database Management revenue	
Sale of Assets	2,000
Paypal Shipping revenue	432
RTC Card revenue	525
Accounts payable discount	31
Various	1,031
	\$ 6,268
Other Operating Assistance	
RM2	\$ 36,336
Caltrans planning grant	32,742
BART feeder revenue	162,799
ADA BART	42,241
	\$ 274,118
Miscellaneous Expenses	
Staff Travel Expense	\$ 10,425
APTA Dues	\$ 6,819
Employee functions	\$ 911
Employee Awards/pins	\$ 599
Paypal fees	\$ 924
Training	\$ 616
Various other	\$ 578
	\$ 20,872

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
FY 2014 Year to Date Comparison of FY 2013 Actual & FY 2012 Actual
Statistics

For the Three Months Ended September 30, 2013

	Actual FY2014	Actual FY2013	Variance Actual 2014 to Actual 2013	Actual FY2012	Variance Actual 2014 to Actual 2012
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Fixed Route

Fares	\$ 794,254	\$ 829,638	-4.3%	\$ 782,068	1.5%
Special Fares	246,920	223,550	10.5%	223,690	9.4%
Total Fares	\$ 1,041,174	\$ 1,053,188	-1.1%	\$ 1,005,758	3.4%
<i>Fares box recovery ratio</i>	<i>15.2%</i>	<i>16.3%</i>	<i>-6.9%</i>	<i>15.7%</i>	<i>-3.5%</i>
Operating Exp (Less leases)	\$ 6,856,346	\$ 6,458,249	6.2%	\$ 6,397,389	6.7%
<i>Revenue Hours</i>	<i>53,237</i>	<i>51,633</i>	<i>3.1%</i>	<i>51,205</i>	<i>3.8%</i>
<i>Cost per Rev Hour</i>	<i>\$ 128.79</i>	<i>\$ 125.08</i>	<i>3.0%</i>	<i>\$ 124.94</i>	<i>3.0%</i>
<i>Passengers</i>	<i>803,030</i>	<i>773,469</i>	<i>3.8%</i>	<i>793,838</i>	<i>1.1%</i>
<i>Cost per Passenger</i>	<i>\$ 8.54</i>	<i>\$ 8.35</i>	<i>2.3%</i>	<i>\$ 8.06</i>	<i>5.6%</i>
<i>Passengers per Rev Hr</i>	<i>15.08</i>	<i>14.98</i>	<i>0.7%</i>	<i>15.50</i>	<i>-2.8%</i>

Paratransit

Fares	\$ 121,171	\$ 143,773	-15.7%	\$ 167,714	-38.4%
<i>Fares box recovery ratio</i>	<i>9.1%</i>	<i>10.8%</i>	<i>-15.3%</i>	<i>12.7%</i>	<i>-39.8%</i>
Operating Exp (Less leases)	\$ 1,330,877	\$ 1,336,831	-0.4%	\$ 1,317,807	1.0%
<i>Revenue Hours</i>	<i>18,774</i>	<i>21,379</i>	<i>-12.2%</i>	<i>20,117</i>	<i>-7.2%</i>
<i>Cost per Rev Hour</i>	<i>\$ 70.89</i>	<i>\$ 62.53</i>	<i>13.4%</i>	<i>\$ 65.51</i>	<i>7.6%</i>
<i>Passengers</i>	<i>37,456</i>	<i>35,850</i>	<i>4.5%</i>	<i>38,543</i>	<i>-2.9%</i>
<i>Cost per Passenger</i>	<i>\$ 35.53</i>	<i>\$ 37.29</i>	<i>-4.7%</i>	<i>\$ 34.19</i>	<i>3.8%</i>
<i>Passengers per Rev Hr</i>	<i>2.00</i>	<i>1.68</i>	<i>19.0%</i>	<i>1.92</i>	<i>4.0%</i>

TO: A&F Committee

DATE: November 26, 2013

FROM: Rick Ramacier
General Manager

SUBJECT: CCCTA Investment Policy – Quarterly Reporting Requirement

Attached please find CCCTA's Quarterly Investment Policy Reporting Statement for the quarter ending September 30, 2013.

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

CCCTA
BANK CASH AND INVESTMENT ACCOUNTS
(ROUNDED OFF TO NEAREST \$)

FINANCIAL INST	ACCT #	TYPE	PURPOSE	PER BANK	PER BANK	PER GL
				JUNE 2013	SEPT 2013	SEPT 2013
FIXED ROUTE						
First Republic Bank	1106171	CHECKING	A/P General Account-Fixed Route	\$ 455,877	\$ 480,999	\$ (87,784)
First Republic Bank	1106198	CHECKING	PAYROLL	\$ 102,882	\$ 59,254	\$ 57,039
First Republic Bank	1015001	CHECKING	CAPITAL PURCHASES	\$ 43,381	\$ 49,622	\$ 48,390
First Republic Bank	1402595	CHECKING	WORKER'S COMP-CORVEL	\$ 49,755	\$ 43,379	\$ 22,300
First Republic Bank	1106228	CHECKING	PASS SALES	\$ 500	\$ 64,949	\$ 64,949
First Republic Bank	800-0035-2386	Money Market	Prop-2B Safety & Security#2(2386)	\$ 86,049	\$ 5,074	\$ 5,074
First Republic Bank	80000971847	Money Market	OnBoardCam-TSGP 2011	\$ 53	\$ 83	\$ 83
First Republic Bank	80000971896	Money Market	OnBoardCam-TSGP 2012	\$ 116,935	\$ 116,964	\$ 116,964
PAYPAL	27SAXUUFL9732	CHECKING	PAYPAL-PASS SALES	\$ 4,641	\$ 4,017	\$ 3,940
			TOTAL	\$ 860,073	\$ 824,341	\$ 230,955
PARATRANSIT						
First Republic Bank	1049584	CHECKING	CAPITAL PURCHASES	\$ 3,519	\$ 3,519	\$ 3,519
First Republic Bank	1106244	CHECKING	A/P General Account-Paratransit	\$ 509,499	\$ 345,650	\$ (93,384)
			TOTAL	\$ 513,018	\$ 349,169	\$ (89,865)
LAIF FUND						
LAIF ACCOUNT	4007001	INT-INVEST	OPERATING FUNDS	\$ 3,998,348	\$ 5,201,312	\$ 5,201,312
LAIF ACCOUNT		INT-INVEST	Pacheco Transit Center	\$ 705,009	\$ 705,438	\$ 705,438
LAIF ACCOUNT		INT-INVEST	Rolling stock-2012	\$ 1,466,916	\$ 1,467,808	\$ 1,467,808
LAIF ACCOUNT		INT-INVEST	Rolling Stock-1011 VANS	\$ 1,104,166	\$ 1,104,837	\$ 1,104,837
LAIF ACCOUNT		INT-INVEST	Rolling Stock-2013	\$ -	\$ 484,534	\$ 484,534
LAIF ACCOUNT		INT-INVEST	Martinez Stop Project	\$ 67,623	\$ 67,664	\$ 67,664
LAIF ACCOUNT		INT-INVEST	Facility Rehab	\$ 3,875,982	\$ 3,391,603	\$ 3,391,603
LAIF ACCOUNT		INT-INVEST	SAFE HARBOR LEASE RESERVE	\$ 1,436,720	\$ 1,437,594	\$ 1,437,594
			TOTAL	\$ 12,654,764	\$ 13,860,790	\$ 13,860,790
CCCTA EMPLOYEE						
First Republic Bank	1402153	INT CHECK	EMPLOYEE FITNESS FUND	\$ 10,372	\$ 9,612	\$ 9,612
			TOTAL	\$ 10,372	\$ 9,612	\$ 9,612
11/14/2013 13:21			GRAND TOTAL	\$ 14,038,227	\$ 15,043,912	\$ 14,011,491

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This is to certify that the portfolio above complies with the CCCTA Investment Policy and that CCCTA has the ability to meet its expenditures(cash flow) for the next six months.



Rick Ramacier
General Manager