

# County Connection

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

## ADMINISTRATION & FINANCE COMMITTEE MEETING AGENDA

Wednesday, December 3, 2014

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 October 1, 2014\*
4. FY2014 Audit-Teleconference\*
5. Auditors Compliance Report\*
6. Closed Session:
  - Conference with Legal Counsel-Anticipated Litigation  
Government Code Section 54956.9  
Maria Reyes, et al. v. CCCTA
  - Conference with Labor Negotiator (pursuant to Government Code Section 54957.6)  
Employee Organizations:
    - Amalgamated Transit Union, Local 1605
    - Machinists Automotive Trades District Lodge No. 1173
    - Teamsters Union, Local 856, AFL-CIO, Transit Supervisors
7. Change in Financial Institutions\*
8. County Connection Income Statements for the Three Months Ended September 30, 2014\*
9. County Connection Investment Policy-Quarterly Reporting Requirement\*
10. Review of Vendor Bills, October 2014 and November 2014\*\*

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\*Enclosure

\*\*Enclosure for Committee Members

FY2014/2015 A&F Committee

Bob Simmons – Walnut Creek, Don Tatzin – Lafayette, Gregg Manning - Clayton

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

CENTRAL CONTRA COSTA TRANSIT AUTHORITY

11. Legal Services Statement, August & September 2014-General, August & September 2014-Labor\*\*

12. Adjournment

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

Accessible Public Meetings: Upon request, County Connection will provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. 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](mailto: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 18, 9:00 a.m., County Connection Board Room
Administration & Finance:	Wednesday, January 7, 9:00 .am., 1676 N. California Blvd., S620, Walnut Creek
Advisory Committee:	TBA. County Connection Board Room
Marketing, Planning & Legislative:	Thursday, December 4, 8:30 a.m., Pleasant Hill City Hall Small Community Room
Operations & Scheduling:	Friday, December 5, 8:30 a.m. Supervisor Andersen's Office 309 Diablo Road, Danville, CA

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

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

To: Administration and Finance Committee

Date: November 25, 2014

From: Kathy Casenave, Director of Finance

Reviewed by:

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**SUBJECT: Change in financial institutions**

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### **Summary of Issues:**

First Republic Bank, our bank since 2008, informed us in late October that as of December 31, 2014 the bank would no longer do business with government entities. Upon request they have extended this to January 31, 2015.

The California Government Code requires a higher capitalization for deposits from state and local governments. Banks are required to pledge securities in an undivided collateral pool that equal at least 110% of the total amount deposited by public agencies. This, along with other governmental regulations, has caused First Republic Bank to reach the decision to end banking relationships with the governmental sector.

The Finance staff has considered some of the financial institutions that are used by state and local governments. One that stood out is Union Bank. It is the bank for MTC, the County of Alameda, and also the State of California, including LAIF.

Union Bank has submitted a proposal that will address all of our needs and also will be less expensive than our current costs. Because they have negotiated pricing with armored car services at a discount and are offering a higher interest rate, the net annual expense is estimated to be \$9,400 vs. \$20,650 paid in FY 2014.

### **RECOMMENDATION:**

Staff recommends that the A&F Committee approve the proposal from Union Bank to provide banking services and requests that this be forwarded to the Board of Directors.

**DRAFT**

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY**

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

**JUNE 30, 2014 AND 2013**

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
JUNE 30, 2014 AND 2013**

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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 financial statements of the Central Contra Costa Transit Authority (the Authority), as of and for the years ended June 30, 2014 and 2013, 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, 2014 and 2013, 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.

## 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 audits were 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 \_\_\_\_\_, 2014, 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  
\_\_\_\_\_, 2014

## CENTRAL CONTRA COSTA TRANSIT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014 AND 2013

### **Introduction**

The following discussion and analysis of the financial performance and activity of the Central Contra Costa Transit Authority (the Authority) provides 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 (the County). A Board of Directors (the Board) composed of representatives of the member jurisdictions governs the Authority. Member jurisdictions include: Cities of Clayton, Concord, Lafayette, Martinez, Orinda, Pleasant Hill, San Ramon, Walnut Creek; Town of Moraga and Town of Danville; and County of Contra Costa. Each member jurisdiction appoints one regular representative to the Board and one alternative representative to act in the regular representative's absence.

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

The Authority currently operates an active fixed route bus fleet of 131 and has approximately 280 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, (3) the Statements of Cash Flows, and (4) the Notes to the Financial Statements. The Statements of Net Position presents information on all of the Authority's assets and deferred outflows and liabilities and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position are a useful indication of an improving or deteriorating financial condition. The Statements of Revenues, Expenses, and Changes in Net Position presents the most recent fiscal year changes in net position. 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 state and local operating grants; most of the cash expenditures were for operating activities.



## Financial Highlights

- Operating revenues were \$5,105,103, while operating expenses were \$38,207,992. 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, 2014, 2013, and 2012 is as follows:

	2014	2013	2012	2014 to 2013		2013 to 2012	
				Increase/Decrease Amount	%	Increase/Decrease Amount	%
Current assets	\$19,665,595	\$16,966,479	\$13,102,958	\$ 2,699,116	15.91%	\$3,863,521	29.49%
Noncurrent assets - capital assets, net	34,683,041	35,136,653	34,284,379	(453,612)	-1.29%	852,274	2.49%
Total assets	54,348,636	52,103,132	47,387,337	2,245,504	4.31%	4,715,795	9.95%
Deferred outflow of resources	-	-	-	-	0.00%	-	0.00%
Current liabilities	17,184,629	14,792,647	11,238,678	2,391,982	16.17%	3,553,969	31.62%
Noncurrent liabilities	959,936	609,934	353,232	350,002	57.38%	256,702	72.67%
Total liabilities	18,144,565	15,402,581	11,591,910	2,741,984	17.80%	3,810,671	32.87%
Deferred inflow of resources	-	-	-	-	0.00%	-	0.00%
Net position							
Net investment in capital assets	34,683,041	35,136,653	34,284,379	(453,612)	-1.29%	852,274	2.49%
Unrestricted net position	1,521,030	1,563,898	1,511,048	(42,868)	-2.74%	52,850	3.50%
Total net position	\$36,204,071	\$36,700,551	\$35,795,427	\$ (496,480)	-1.35%	\$ 905,124	2.53%

The Authority's decrease in net position was mainly due to depreciation 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 2014, 2013, and 2012 is as follows:

	2014	2013	2012	2014 to 2013		2013 to 2012	
				Increase/Decrease Amount	%	Increase/Decrease Amount	%
Operating revenues	\$ 5,105,103	\$ 5,119,368	\$ 4,990,481	\$ (14,265)	-0.28%	\$ 128,887	2.58%
Operating expenses	(38,207,992)	(36,111,282)	(35,029,344)	2,096,710	-5.81%	1,081,938	-3.09%
Operating loss	(33,102,889)	(30,991,914)	(30,038,863)	(2,110,975)	6.81%	(953,051)	3.17%
Nonoperating revenues	27,639,148	25,678,599	24,885,078	1,960,549	7.63%	793,521	3.19%
Capital contributions	4,967,261	6,218,439	4,354,568	(1,251,178)	-20.12%	1,863,871	42.80%
Increase (decrease) in net position	\$ (496,480)	\$ 905,124	\$ (799,217)	\$(1,401,604)	-154.85%	\$1,704,341	-213.25%

The largest revenue category listed on the Statements of Revenues, Expenses, and Changes in Net Position is state and local operating assistance (77% in 2014, 72% in 2013). Most of this revenue is provided under the Transportation Development Act (TDA), which returns to the County ¼ cent of the sales tax collected in the County. The Authority is allocated a portion of the sales tax returned.

Operating a public transit service is labor intensive. Fifty-five percent (55%) of the Authority's operating expenses is for salaries 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:

	2014	2013	2012	2014 to 2013 Increase/ Decrease	2013 to 2012 Increase/ Decrease
Passenger revenue	\$ 3,935,630	\$ 4,057,759	\$ 4,040,761	\$ (122,129)	\$ 16,998
Special transit fares	1,169,473	1,061,609	949,720	107,864	111,889
Federal operating assistance	1,881,018	2,699,912	3,939,169	(818,894)	(1,239,257)
State and local operating assistance	25,117,180	22,293,230	20,280,117	2,823,950	2,013,113

As noted above, there was a decrease of \$818,894 in Federal operating assistance primarily due to spending most of the grants available in prior year. The increase in State and local operating assistance was due to additional revenue from Measure J and utilizing more Transit Development Act (TDA) in the current year due to less funds available from other sources.

### Capital Assets

As of the end of fiscal year 2014, the Authority's capital assets, before accumulated depreciation, increased by \$4,307,968.

Details of the capital assets, net of accumulated depreciation as of June 30, 2014, 2013, and 2012 are as follows:

	2014	2013	2012	2014 to 2013		2013 to 2012	
				Increase/(Decrease)		Increase/(Decrease)	
				Amount	%	Amount	%
Land and land improvements	\$ 4,814,408	\$ 4,800,360	\$ 4,792,211	\$ 14,048	0.29%	\$ 8,149	0.17%
Construction in process	1,426,875	306,661	306,661	1,120,214	365.29%	-	0.00%
Shop, office, other equipment, and service vehicles	4,373,022	4,506,212	6,263,056	(133,190)	-2.96%	(1,756,844)	-28.05%
Buildings and structures	15,798,356	15,841,528	15,599,189	(43,172)	-0.27%	242,339	1.55%
Revenue vehicles	56,674,367	53,324,299	50,587,343	3,350,068	6.28%	2,736,956	5.41%
<b>Total</b>	<b>83,087,028</b>	<b>78,779,060</b>	<b>77,548,460</b>	<b>4,307,968</b>	<b>5.47%</b>	<b>1,230,600</b>	<b>1.59%</b>
Less accumulated depreciation	(48,403,987)	(43,642,407)	(43,264,081)	(4,761,580)	-10.91%	(378,326)	-0.87%
<b>Net total</b>	<b>\$ 34,683,041</b>	<b>\$ 35,136,653</b>	<b>\$ 34,284,379</b>	<b>\$ (453,612)</b>	<b>-1.29%</b>	<b>\$ 852,274</b>	<b>2.49%</b>

### Long-Term Debt

At June 30, 2014 and 2013, the Authority's long-term debt balance was \$2,646,848 and \$2,425,963, respectively, which consisted of other post-employment benefits other than pension benefits, compensated absences, 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 2015.

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

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

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
STATEMENTS OF NET POSITION  
JUNE 30, 2014 AND 2013**

	2014	2013
<b><u>ASSETS</u></b>		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 12,258,950	\$ 12,903,879
Capital and operating grants receivable	5,675,839	2,390,780
Materials and supplies	1,019,903	924,101
Other receivables, net of allowance \$(14,660) and \$(15,860)	651,140	721,824
Prepaid expenses and other assets	59,763	25,895
Total Current Assets	19,665,595	16,966,479
Capital Assets, Net (Note 5)	34,683,041	35,136,653
Total Assets	54,348,636	52,103,132
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
	-	-
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	5,194,185	1,564,462
Due to other government, TDA payable (Note 13)	2,114,721	3,271,863
Advances from grantors	117,051	203,066
Advances from PTMISEA (Note 6)	7,158,038	7,221,887
Compensated absences (Note 12)	929,967	947,500
Other accrued liabilities	913,722	715,340
Self-insurance liabilities (Notes 8 and 12)	756,945	868,529
Total Current Liabilities	17,184,629	14,792,647
Long-Term Liabilities		
Compensated absences (Note 12)	272,087	307,038
Self-insurance liabilities (Notes 8 and 12)	683,481	149,687
Other post-employment benefits liability (Notes 11 and 12)	4,368	153,209
Total Long-Term Liabilities	959,936	609,934
Total Liabilities	18,144,565	15,402,581
<b>DEFERRED INFLOW OF RESOURCES</b>		
	-	-
<b>NET POSITION</b>		
Net investment in capital assets	34,683,041	35,136,653
Unrestricted	1,521,030	1,563,898
TOTAL NET POSITION	\$ 36,204,071	\$ 36,700,551

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, 2014 AND 2013**

	2014	2013
Operating Revenues		
Passenger fares	\$ 3,935,630	\$ 4,057,759
Special transit fares	1,169,473	1,061,609
	5,105,103	5,119,368
Operating Expenses		
Salaries and benefits	20,883,813	19,427,193
Materials and supplies	3,136,172	3,137,777
Services	1,933,534	1,876,033
Purchased transportation	5,206,741	5,044,664
Insurance	740,595	381,485
Other	286,464	312,151
Utilities	284,788	304,463
Taxes	325,316	319,107
Leases and rentals	36,402	38,175
Depreciation	5,374,167	5,270,234
	38,207,992	36,111,282
Operating Loss	(33,102,889)	(30,991,914)
Nonoperating Revenues		
Federal operating assistance	1,881,018	2,699,912
State and local operating assistance	25,117,180	22,293,230
Advertising revenue	579,738	574,912
Interest income	14,602	16,340
Other revenue	91,313	85,865
Gain on sale of capital assets	-	8,340
Loss on disposal of capital assets	(44,703)	-
	27,639,148	25,678,599
Net Loss Before Capital Contributions	(5,463,741)	(5,313,315)
Capital Contributions		
Grants restricted for capital expenditures (Note 3)	4,967,261	6,218,439
Increase (Decrease) in Net Position	(496,480)	905,124
Total Net Position, Beginning of Year	36,700,551	35,795,427
Total Net Position, End of Year	\$ 36,204,071	\$ 36,700,551

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, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 5,175,787	\$ 5,087,676
Payments to employees (salaries and benefits)	(20,464,546)	(19,216,160)
Payments to suppliers	<u>(8,449,959)</u>	<u>(11,480,674)</u>
Net Cash Used in Operating Activities	<u>(23,738,718)</u>	<u>(25,609,158)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Federal operating grants	1,881,018	2,699,912
State and local operating grants	23,960,038	22,240,938
Other noncapital revenue	<u>671,051</u>	<u>660,777</u>
Net Cash Provided by Noncapital Financing Activities	<u>26,512,107</u>	<u>25,601,627</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sale of property and equipment	2,000	50,100
Capital grants received	1,532,343	9,756,922
Expenditures for capital asset purchases	<u>(4,967,263)</u>	<u>(6,218,439)</u>
Net Cash Flows Provided by (Used in) Capital and Related Financing Activities	<u>(3,432,920)</u>	<u>3,588,583</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	<u>14,602</u>	<u>16,340</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(644,929)	3,597,392
Cash and Cash Equivalents, Beginning of Year	<u>12,903,879</u>	<u>9,306,487</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 12,258,950</u></u>	<u><u>\$ 12,903,879</u></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, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
Operating Loss	\$ (33,102,889)	\$ (30,991,914)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation	5,374,167	5,270,234
Changes in assets and liabilities:		
(Increase) Decrease in receivables	70,684	(31,692)
(Increase) in materials and supplies	(95,802)	(191,386)
(Increase) in prepaid expenses	(33,868)	(15,570)
Increase in accounts payable	3,629,723	140,137
Increase in other liabilities and compensated absences	<u>419,267</u>	<u>211,033</u>
Net Cash Used by Operating Activities	<u>\$ (23,738,718)</u>	<u>\$ (25,609,158)</u>

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

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013**

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

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

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

**A. Basis of Accounting and Presentation**

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

**Contributed Capital/Reserved Retained Earnings**

The Authority receives grants from the Federal Transit Administration (FTA) and other agencies of the U.S. Department of Transportation and state and local transportation funds for the acquisition of transit-related equipment and improvements. Prior to July 1, 2001, capital grants were recognized as donated capital to the extent that project costs under the grant had been incurred. Capital grant funds earned, less amortization equal to accumulated depreciation of the related assets, were included in contributed capital. As required by current GASB standards, the Authority now includes capital grants in the determination of net income resulting in an increase in net revenue of \$4,967,261 and \$6,218,439 for the fiscal years ended June 30, 2014 and 2013, 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 and deferred outflows after liabilities and deferred inflows are deducted. Net position is presented in three broad components: net investment in capital assets, restricted; and unrestricted. Net investment in capital assets includes capital assets net of accumulated depreciation attributable to the acquisition, construction or improvement of those assets. Net position is restricted when constraints are imposed by third parties or by law through constitutional provisions or enabling legislation. All other net position is unrestricted.

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

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



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

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

B. Use of Estimates

The preparation of financial statements in conformity with 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, 2014 and 2013, the Authority considered all of its cash and investments to be cash and cash equivalents.

D. Materials and Supplies

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

E. Capital Assets

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

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

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

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

F. Deferred Outflows and Inflows of Resources

A deferred outflow of resources is defined as a consumption of net position by the Authority that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position that is applicable to a future reporting period. The Authority does not currently have any deferred outflows or inflows of resources.

**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 (CaTIP) and claims in excess of \$1,000,000 are insured with excess insurance purchased through CaTIP 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 compliance with appropriate grant requirements.

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

**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 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**

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

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

K. Funding Sources/Programs (Continued)

**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.

**Measure J Funds**

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

L. Date of Management’s Review

Subsequent events were evaluated through \_\_\_\_\_, 2014, which is the date the financial statements were available to be issued.

M. Implementation of New Accounting Pronouncements

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

Statement No. 65	<i>Items Previously Reported as Assets and Liabilities</i>	Improves financial reporting by establishing 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.
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. 10 and No. 62.
Statement No. 67	<i>Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25</i>	Improves financial reporting by state and local governmental pension plans.
Statement No. 70	<i>Accounting and Financial Reporting for Nonexchange Financial Guarantees</i>	Improves comparability of financial reporting for governments that extend nonexchange financial guarantees and by those that receive nonexchange financial guarantees.

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:

	2014	2013
Cash on hand	\$ 330	\$ 330
Cash in banks	1,622,676	248,785
Investments	10,635,944	12,654,764
	\$ 12,258,950	\$ 12,903,879

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 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 valuation of the pooled investment program portfolio. In addition, the State Treasurer's Office performs a monthly fair valuation of all securities held against carrying cost. These valuations and financial statements are posted to the State Treasurer's Office website at [www.treasurer.ca.gov](http://www.treasurer.ca.gov).

**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:

2014		Remaining Maturity			
Investment Type	Amount	12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
LAIF	<u>\$ 10,635,944</u>	<u>\$ 10,635,944</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
2013		Remaining Maturity			
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>

**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:

2014		Minimum Legal Rating	Exempt From Disclosure	Rating as of Year-End		
Investment Type	Amount			AAA	Aa	Not Rated
LAIF	<u>\$ 10,635,944</u>	<u>N/A</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,635,944</u>
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>

**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: \$1,440,910 and \$1,128,822 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, 2014 and 2013, 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, 2014 or 2013.

**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:

	2014	2013
Federal grants	\$ 2,632,530	\$ 3,968,707
State grants	766,600	1,665,372
TDA (local transportation grants)	1,568,131	584,360
Total Capital Assistance	\$ 4,967,261	\$ 6,218,439

**NOTE 4 – OPERATING GRANTS**

The Authority receives local transportation fund allocations pursuant to the 1971 State TDA. These funds are generated within the County and are allocated based on annual claims filed by the Authority and approved by the 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, 2014 and 2013, was \$3,567 and \$4,315, respectively. For the years ended June 30, 2014 and 2013, the Authority's maximum TDA assistance eligibility was \$15,478,405 and \$11,713,067, respectively.

During the fiscal years ended June 30, 2014 and 2013, the Authority earned \$5,390,143 and \$4,987,198, respectively, of Measure J (2012) and Measure J (2011) funds from the 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.

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:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Capital Assets Not Being Depreciated:				
Construction in process	\$ 306,661	\$ 1,120,214	\$ -	\$ 1,426,875
Land	2,704,785	-	-	2,704,785
<b>Total Capital Assets Not Being Depreciated</b>	<b>3,011,446</b>	<b>1,120,214</b>	<b>-</b>	<b>4,131,660</b>
Capital Assets Being Depreciated:				
Land improvements	2,095,575	14,048	-	2,109,623
Shop, office, other equipment, and service vehicles	4,506,212	258,751	(391,941)	4,373,022
Buildings and structures	15,841,528	224,182	(267,354)	15,798,356
Revenue vehicles	53,324,299	3,350,068	-	56,674,367
<b>Total Capital Assets Being Depreciated</b>	<b>75,767,614</b>	<b>3,847,049</b>	<b>(659,295)</b>	<b>78,955,368</b>
Less Accumulated Depreciation for:				
Land improvements	2,084,791	1,310	-	2,086,101
Shop, office, other equipment, and service vehicles	3,391,560	302,628	(377,764)	3,316,424
Buildings and structures	10,547,885	623,703	(234,823)	10,936,765
Revenue vehicles	27,618,171	4,446,526	-	32,064,697
<b>Total Accumulated Depreciation</b>	<b>43,642,407</b>	<b>5,374,167</b>	<b>(612,587)</b>	<b>48,403,987</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>32,125,207</b>	<b>(1,527,118)</b>	<b>(46,708)</b>	<b>30,551,381</b>
<b>Total Capital Assets, Net</b>	<b>\$ 35,136,653</b>	<b>\$ (406,904)</b>	<b>\$ (46,708)</b>	<b>\$ 34,683,041</b>

Depreciation expense for the year ended June 30, 2014, was \$5,374,167.

**NOTE 5 – CAPITAL ASSETS AND DEPRECIATION** (Continued)

	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
<b>Total Capital Assets Not Being Depreciated</b>	<b>3,011,446</b>	<b>-</b>	<b>-</b>	<b>3,011,446</b>
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
<b>Total Capital Assets Being Depreciated</b>	<b>74,537,014</b>	<b>6,164,272</b>	<b>4,933,672</b>	<b>75,767,614</b>
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
<b>Total Accumulated Depreciation</b>	<b>43,264,081</b>	<b>5,270,234</b>	<b>4,891,908</b>	<b>43,642,407</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>31,272,933</b>	<b>894,038</b>	<b>41,764</b>	<b>32,125,207</b>
<b>Total Capital Assets, Net</b>	<b>\$ 34,284,379</b>	<b>\$ 894,038</b>	<b>\$ 41,764</b>	<b>\$ 35,136,653</b>

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

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

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

During the fiscal year ended June 30, 2014, the Authority received funds of \$0 for the construction of a transportation center at Pacheco, Martinez bus stop project, rolling stock replacement of 10 buses and facility rehabilitation, and interest of \$17,365 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, 2014, there were \$81,214 of expenditures incurred related to the fixed route bus purchases. The remaining proceeds of \$7,158,038, 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.



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

	2014	2013
Advances from PTMISEA, beginning of year	\$ 7,221,887	\$ 3,678,735
Proposition 1B (PTMISEA) funds allocated	-	3,875,982
Proposition 1B (PTMISEA) interest earned	17,365	10,636
Proposition 1B (PTMISEA) expenditures	(81,214)	(343,466)
Advances from PTMISEA, end of year	\$ 7,158,038	\$ 7,221,887

**NOTE 7 – EMPLOYEES’ RETIREMENT PLAN**

Plan Description

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

Funding Policy

The contribution rate for plan members in CalPERS 2% 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 2013-14 was 7.321%. The funded ratio of the plan is 105.8% as of the June 30, 2011, 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.

The California Public Employees’ Pension Reform Act of 2013 (PEPRA) was signed into law with an effective date of January 1, 2013. This law makes changes to pension benefits that may be offered to employees hired on or after January 1, 2013.

PEPRA reform, among other things, includes setting a new maximum benefit, a lower-cost pension formula for safety and non-safety employees with requirements to work longer in order to reach full retirement age, and a cap on the amount used to calculate a pension. It also establishes new pension formulas for those new employees hired on or after January 1, 2013. All new employees in the miscellaneous classification will receive a 2% at 62 benefit formula with a full benefit of 2.5% at 67, and a minimum retirement age of 52. However, due to a current lawsuit, this new benefit formula does not yet apply to transit workers.

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

Annual Pension Cost

For fiscal year 2013-14, the Authority’s annual required pension cost was \$948,475 and the Authority contributed \$948,475. The plan is currently overfunded and the required contribution for fiscal year 2013-14 was determined as part of the June 30, 2011, 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 3.30% to 14.20% for miscellaneous members. Both (a) and (b) include an inflation component of 2.75%. 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, 2014, was 23 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>
6/30/2012	\$ 645,940	100.0%	\$ -
6/30/2013	664,020	100.0%	-
6/30/2014	948,475	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>
6/30/2009	\$ 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%
6/30/2011	66,543,536	62,920,244	(3,623,292)	105.8%	12,710,400	-28.51%

**NOTE 8 – RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority is self-insured for public liability and property damage up to \$250,000 per occurrence. Claims between \$250,000 and \$1,000,000 are insured through the 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 \$459,189 and \$132,157 at June 30, 2014 and 2013, 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 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 \$981,237 and \$886,059 at June 30, 2014 and 2013, 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 as a reserve against future unanticipated operating and capital funding shortfalls. As of June 30, 2014 and 2013, this fund, including accrued interest, totaled \$1,441,061 and \$1,437,593, 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, 2014 and 2013, totaled \$459,189 and \$132,157, respectively, and for the workers' compensation totaled \$981,255 and \$886,059, respectively.

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

Plan Description

The Authority's Healthcare Insurance Benefits Program is a defined benefit post-employment healthcare plan in which retirees are eligible to participate. Benefits are provided through the CalPERS Health Benefits Program for all administrative employees and transit operators who retire from the Authority at or after age 50 with at least 5 years of service. As of June 30, 2014, the Authority had 45 retirees participating 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 Other Post-Employment Benefit (OPEB) Cost and Net OPEB Obligation

The Authority's annual 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 30 years. For fiscal year 2013-14, the Authority's annual OPEB cost was \$485,538. 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, 2014 and 2013, were as follows:

	2014	2013
Annual required contribution	\$ 486,697	\$ 344,127
Interest on net OPEB obligation	176	177
Adjustments to annual required contribution	(1,335)	(320)
Annual OPEB cost	485,538	343,984
Contributions made	(484,379)	(343,984)
Change in net OPEB obligation (asset)	1,159	-
Net OPEB obligation (asset) - beginning of year	3,209	3,209
Net OPEB obligation (asset) - end of year	\$ 4,368	\$ 3,209

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 2013-14 and the two preceding years are as follows:

Year Ended June 30,	Annual OPEB Cost	Actual Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net Ending OPEB Obligation (Asset)
2012	\$ 343,593	\$ 352,347	102.55%	\$ 3,209
2013	343,984	343,984	100.00%	3,209
2014	485,538	484,379	99.76%	4,368

**NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS** (Continued)Funding Policy, Funded Status, and Funding Progress

The Authority's required contribution for 2013-14 was based on fully funded financing requirements. For fiscal year 2013-14, the Authority contributed \$485,538 to the plan.

As of July 1, 2013, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$5,875,942, and the unfunded portion was \$4,710,112. The covered payroll (annual payroll of active employees covered by the plan) was \$12,017,071, and the ratio of the unfunded actuarial accrued liability (UAAL) to covered payroll was 39.20%.

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.

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

Actuarial Methods and Assumptions (Continued)

**Table 1  
Actuarial Methods and Assumptions**

Valuation Date	July 1, 2013
Funding Method	Entry Age Normal Cost, level percent of pay *
Asset Valuation Method	Market value of assets
Long Term Return on Assets	5.5%
Discount Rate	5.5%
Participants Valued	Only current active employees, retired participants, and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.25% per year, used only to allocate the cost of benefits between service years
Assumed Increase for Amortization Payments	3.25% per year where determined on a percent of pay basis
General Inflation Rate	3.0% per year

*The demographic actuarial assumptions used in this valuation are based on the (demographic) experience study of the California Public Employees Retirement System using data from 1997 to 2007. Rates for selected age and service are shown below.*

Mortality Before Retirement      Mortality rates in the table below were projected by applying Scale AA on a fully generational basis.

CalPERS Public Agency Miscellaneous Non-Industrial Deaths Only		
Age	Male	Female
15	0.00045	0.00006
20	0.00047	0.00016
30	0.00053	0.00036
40	0.00087	0.00065
50	0.00176	0.00126
60	0.00395	0.00266
70	0.00914	0.00649
80	0.01527	0.01108

\* The level percent of pay aspect of the funding method refers to how the normal cost is determined. Use of level percent of pay cost allocations in the funding method is separate from and has no effect on a decision regarding use of a level percent of pay or level dollar basis for determining amortization payments.

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

Actuarial Methods and Assumptions (Continued)

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. The Authority's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over 30 years. The remaining amortization period as of July 1, 2013, was 26 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.

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

A summary of changes in long-term debt at June 30, 2014 and 2013, follows:

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014	Due Within One Year
Self Insurance Liabilities	\$ 1,018,216	\$ 448,588	\$ 26,378	\$ 1,440,426	\$ 756,945
Compensated Absences	1,254,538	909,875	962,359	1,202,054	929,967
OPEB	153,209	336,697	485,538	4,368	-
<b>Totals</b>	<b>\$ 2,425,963</b>	<b>\$ 1,695,160</b>	<b>\$ 1,474,275</b>	<b>\$ 2,646,848</b>	<b>\$ 1,686,912</b>

  

	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	\$ 868,529
Compensated Absences	1,133,300	1,018,813	897,575	1,254,538	947,500
OPEB	3,209	493,984	343,984	153,209	-
<b>Totals</b>	<b>\$ 2,242,222</b>	<b>\$ 1,758,721</b>	<b>\$ 1,574,980</b>	<b>\$ 2,425,963</b>	<b>\$ 1,816,029</b>

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

The Authority received TDA funds under Articles 4 and 4.5 (two subsections: 99260(a) and 99275) of the California Public Utilities Code for the fiscal years ended June 30, 2014 and 2013. TDA funds received pursuant to these Sections of the California Public Utilities Code may be used for public transportation services and community transit services, respectively. According to the underlying TDA allocation instructions issued by the MTC, eligible costs must be incurred on or before June 30 of the fiscal year for which funds are allocated. Unused portions must revert back to the County's Local Transportation Fund (LTF).

**NOTE 13 – TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS** (Continued)

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

	2014	2013
LTF Allocations for Public Transportation Services:		
99260(a)	\$ 15,081,645	\$ 12,773,444
Less: applicable expenses	(14,665,449)	(11,074,919)
Unused portion to revert back to (balance due from) the County's LTF (Current Year and Prior Year)	416,196	1,698,525
Prior year unused portion not returned	1,698,525	1,573,338
Total Unused Portion to Revert Back to the County's LTF	2,114,721	3,271,863
LTF Allocations for Community Transit Services:		
99275 and 99260(a)	812,956	638,144
Less: applicable expenses	(812,956)	(638,144)
Unused portion to revert back to the County's LTF	-	-
Total Due Back to the County's LTF	2,114,721	3,271,863
Due Back (From) MTC	-	-
Net Due Back to the County's LTF	\$ 2,114,721	\$ 3,271,863

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

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

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

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



**NOTE 15 – FUTURE GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS**

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

- |                  |  |   |
|------------------|--|---|
| Statement No. 68 | <i>Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27</i> | 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 fully determined the effects of the implementation of this statement on its financial statements.   |
| Statement No. 69 | <i>Government Combinations and Disposals of Government Operations</i>                        | Provides specific accounting and financial reporting guidance for combinations in the governmental environment. This statement also improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2013. The Authority is assessing, but has not yet determined the effects of the implementation of this statement on its financial statements.   |
| Statement No. 71 | <i>Pension Transition for Contributions Made Subsequent to the Measurement Date</i>          | Amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. This Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement No. 68 in the accrual basis financial statements of employers and nonemployer contributing entities. The provisions of this Statement should be applied simultaneously with the provisions of Statement No. 68 and therefore are effective for financial periods beginning after June 15, 2014. The Authority is assessing, but has not yet 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, 2014**

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]
7/1/2009	\$ -	\$ 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%
7/1/2013	1,165,830	5,875,942	4,710,112	19.84%	12,017,071	39.20%

**SUPPLEMENTARY SCHEDULE AND OTHER REPORTS**

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Identification Number</u>	<u>Grant Expenditures</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Programs:			
FTA Capital and Operating Assistance Grants	20.507		
Grant CA-90-Y623-00 - Capital and Operating		-	\$ 520,106
Grant CA-04-0250-01 - Capital and Operating		-	22,073
Grant CA-90-Y985-00 - Capital and Operating		-	1,004,814
Grant CA-90-Z065-00 - Capital and Operating		-	1,735,370
Grant CA-90-Z212-00 - Capital and Operating		-	<u>392,860</u>
Pass-Through the Metropolitan Transit Commission (MTC)			
Grant CA-34-0001 - Capital and Operating	20.507		<u>840,438</u>
Total FTA Capital and Operating Assistance Grants			<u>4,515,661</u>
Total FTA Grants			<u>\$ 4,515,661</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, 2014**

**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, 2014, and have issued our report thereon dated \_\_\_\_\_, 2014.

**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 (TDA) 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 TDA.

**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  
\_\_\_\_\_, 2014

**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, 2014, and related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated \_\_\_\_\_, 2014.

**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 Authority'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 one matter that we have reported to management in a separate letter dated \_\_\_\_\_, 2014.

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, 2014, the Authority applied for and received proceeds of \$0, and interest of \$17,365 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, 2014, there were \$81,214 of expenditures for construction at a transportation center at Pacheco. As of June 30, 2014, PTMISEA funds received and expended were verified in the course of our audit as follows:

Balance – beginning of the year	\$ 7,221,887
Proceeds received:	
PTMISEA	-
Interest earned	17,365
Expenditures incurred:	
Pacheco transportation center	(81,214)
Unexpended proceeds, June 30, 2014	\$ 7,158,038

**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  
\_\_\_\_\_, 2014

**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, 2014. 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, 2014.

## 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.

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  
\_\_\_\_\_, 2014

**FINDINGS AND QUESTIONED COSTS SECTION**

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2014**

Section I – Summary of Auditor’s Results

A. Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	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:	Unmodified
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, 2013) Findings and Current Year Status

None.

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

To the Board of Directors  
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, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

However, during our audit we became aware of one matter that is an opportunity for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comment and suggestion regarding this matter.

We will review the status of this comment during our next audit engagement. We have already discussed the comment and suggestion with various Authority personnel, and we will be pleased to discuss it in further detail at your convenience to perform any additional study of this matter, or to assist you in implementing the recommendation.

### **Current Year Findings and Recommendations**

#### **Agreed Upon Finding 1 – Information Security Policy**

##### Finding

During our review of Information Technology (IT) general controls, we reviewed the existing IT policies in place, and noted the Authority does not currently require employee certifications to verify that all employees have read the Authority's IT policy with regards to proper use of internet, emails, etc.

##### Recommendation

We recommend IT review their existing policies regarding internet and email usage and consider implementing a policy to require employee certifications to affirm that employees have read the policy regarding the proper use of internet, emails, etc.

##### Management Response

The Authority agrees with the audit recommendation.

## Status of Prior Year Findings and Recommendations

None.

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

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

Bakersfield, California  
                    , 2014



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

We have audited the financial statements of the Central Contra Costa Transit Authority (the Authority) for the year ended June 30, 2014. 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 19, 2014. 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 2014: Governmental Accounting Standards Board (GASB) Statements No. 65, *Items Previously Reported as Assets and Liabilities*; No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*; and No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. We noted no transactions entered into 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 Authority's financial statements were:

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

Certain financial statement disclosures are particularly sensitive because of their significance to 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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the 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 **December \_\_, 2014**.

#### *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**

We applied certain limited procedures to the Management's Discussion and Analysis (MD&A) and Schedule of Funding Progress – Post-Employment Benefits Other Than Pension Benefits, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Federal Expenditures (SEFA), which accompany the financial statements but are not RSI. With respect to this supplementary information, 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

**Restriction on Use**

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

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

Bakersfield, California  
December \_\_, 2014

Central Contra Costa Transit Authority  
Passed Journal Entries  
June 30, 2014

<u>Account</u>	<u>Debit</u>	<u>Credit</u>
<b>Passed Journal Entry #1</b>		
To record accrual for fuel inventory purchased.		
10-10302000     Inventory - Fuel	\$     24,150	\$     -
10-20101001     A/P Trade	-	24,150

## 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 State Transit Assistance (STA) and Transportation Development Act (TDA) funds allocated by the Metropolitan Transportation Commission (MTC), to review the cost of diesel fuel purchased by the Authority and to review the California Public Employees' Retirement System (PERS) benefits paid by the Authority for the fiscal year ended June 30, 2014, and compare to the prior fiscal year ended June 30, 2013. 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 TDA and STA funds received according to MTC for the fiscal years ended June 30, 2014 and 2013. Verified that the MTC allocation for fiscal year 2014 was not reduced from the allocation in 2013.

*Finding:* The 2014 MTC final TDA allocation was not reduced from the prior year allocation. The 2014 MTC final STA allocation was reduced from the prior year allocation. Refer to the attached schedule.

- 2) Obtained the cost of the diesel fuel purchased by the Authority for the fiscal years ended June 30, 2014 and 2013. Verified that the average cost of diesel fuel purchased in fiscal year 2014 did not increase by \$500,000 over prior fiscal year or \$0.75 per gallon when compared to the average cost in fiscal year 2013.

*Finding:* The 2014 diesel fuel purchased by the Authority for the fiscal year-end June 30, 2014, did not increase by \$500,000 over prior year. Refer to the attached schedule.

- 3) Obtained a schedule of the PERS benefits (other than Other Post Employment Benefits (OPEB)) paid by the Authority for fiscal years ended June 30, 2014 and 2013. Verified that the increase for fiscal year 2014 over fiscal year 2013 did not exceed over \$1,000,000.

*Finding:* The PERS benefits (other than OPEB) paid by the Authority for fiscal year-end June 30, 2014, 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 audit and finance committee and management and is not intended to be and should not be used by anyone other than those specified parties.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

Bakersfield, California  
\_\_\_\_\_, 2014

Criteria	Description of Criteria	Revenue	2014	2013	\$ Change		
(a)	Final amount of STA or TDA funds per MTC - must not be reduced from the prior year.	TDA 4.0	\$ 15,581,452	\$ 15,049,512			
		TDA 4.5	<u>712,560</u>	<u>687,804</u>			
		Total TDA	<u>16,294,012</u>	<u>15,737,316</u>	<u>556,696</u>		
		STA Pop-FR	2,244,998	2,282,444			
		STA- Regl Paratransit	359,057	365,079			
		STA Rev based	<u>646,977</u>	<u>684,632</u>			
		Total STA	<u>\$ 3,251,032</u>	<u>\$ 3,332,155</u>	<u>(81,123)</u>		
		Total STA and TDA	<u>\$ 19,545,044</u>	<u>\$ 19,069,471</u>	<u>\$ 475,573</u>		
		(b)	Cost of diesel fuel purchased by the Authority (increase is not greater than \$500,000 from prior year). This increase will occur if the average cost of diesel fuel purchased during fiscal year 2014 increased by \$0.75 per gallon when compared to the average in fiscal year 2013.		<u>\$ 2,051,082</u>	<u>\$ 2,030,390</u>	<u>\$ 20,692</u>
				(c)	PERS benefits paid by the Authority, other than OPEB, did not increase by over \$1,000,000 from the prior year.	<u>\$ 1,456,579</u>	<u>\$ 1,174,924</u>

To: Administration and Finance Committee

Date: November 25, 2014

From: Kathy Casenave, Director of Finance

Reviewed by:

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**SUBJECT: Change in financial institutions**

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### **Summary of Issues:**

First Republic Bank, our bank since 2008, informed us in late October that as of December 31, 2014 the bank would no longer do business with government entities. Upon request they have extended this to January 31, 2015.

The California Government Code requires a higher capitalization for deposits from state and local governments. Banks are required to pledge securities in an undivided collateral pool that equal at least 110% of the total amount deposited by public agencies. This, along with other governmental regulations, has caused First Republic Bank to reach the decision to end banking relationships with the governmental sector.

The Finance staff has considered some of the financial institutions that are used by state and local governments. One that stood out is Union Bank. It is the bank for MTC, the County of Alameda, and also the State of California, including LAIF.

Union Bank has submitted a proposal that will address all of our needs and also will be less expensive than our current costs. Because they have negotiated pricing with armored car services at a discount and are offering a higher interest rate, the net annual expense is estimated to be \$9,400 vs. \$20,650 paid in FY 2014.

### **RECOMMENDATION:**

Staff recommends that the A&F Committee approve the proposal from Union Bank to provide banking services and requests that this be forwarded to the Board of Directors.



**Price Menu**  
**PROFORMA ACCOUNT ANALYSIS STATEMENT**  
**Central Contra Costa Transit Authority**  
**November 2014**



**UNION BANK**

<b>BALANCE SUMMARY</b>	
Average Ledger Balance	\$2,250,721.57
Less: Average Uncollected (FLOAT)	\$167,221.87
Average Collected Balance	\$2,083,499.70
Less: Reserve Requirement (10%)	\$208,349.97
Less: Sweep Compensating Balance	\$0.00
Balance Available to Support Activity	\$1,875,149.73

<b>ACCOUNT POSITION</b>	
Earnings Credit Rate	0.35%
Number of Days in Month	30
Earnings Credit:	\$539.43
Less: Interest Paid on Interest Bearing Accounts	\$0.00
Net Earnings Allowance - This Month	\$539.43
Less: Charges for Balance Compensated Services	\$1,322.95
Net Earnings Allowance	(\$783.52)

**ACCOUNTS INCLUDED IN ANALYSIS**

XXX5001, XXX6228, XXX9584, XXX6244, XXX6171, XXX2153, XXX6298, and XXX2595

**OVERDRAFT / UNCOLLECTED FUNDS CHARGES**

**Uncollected Funds**

*Customer usage of uncollected funds is charged the Union Bank Reference Rate plus 4.0% per annum, computed on the average daily usage of uncollected funds for the month in question.*

**Overdrafts**

*Overdraft balances and related fees are charged the Union Bank Reference Rate plus 4.0% per annum, computed daily, with a minimum daily charge of \$10.00, assessed from the time such overdraft balances are created and related fees incurred. The minimum daily charge and accrued interest are then added to the overdraft balance.*

*Checks or other transactions presented against insufficient funds whether paid or unpaid are assessed at \$34 per item.*

**UNION BANK**  
**GOVERNMENT SERVICES PRICING SCENARIO - PRICE SCHEDULE**  
**Central Contra Costa Transit Authority**  
**November 2014**

<b>BILLABLE DESCRIPTION</b>	<b>VOLUME</b>	<b>Proposed Price \$</b>	<b>Extended Proposed Price \$</b>
<b>ACCOUNT ANALYSIS</b>			
ACCT MAINTENANCE - WEB	8	3.0000	24.00
<b>SUBTOTAL</b>			<b>24.00</b>
<b>ALERTS</b>			
ALERT - ACH/DIR DEP	1	0.5000	0.50
<b>SUBTOTAL</b>			<b>0.50</b>
<b>ACCOUNT RECONCILIATION</b>			
FULL RECON MONTHLY MAINT	1	10.0000	10.00
TRANSMISSION ISSUE INPUT-BASE	1	1.0000	1.00
TRANSMISSION ISSUE INPUT-ITEM	315	0.0300	9.45
CHECK PAID TRUNCATED	315	0.0900	28.35
ADDITIONAL STANDARD RPT	1	1.0000	1.00
STALE DATE FEATURE - BASE	1	1.0000	1.00
STALE DATE LISTING - ITEM	1	0.0060	0.01
WEB POS PAY-EXCEPTIONS	1	0.5000	0.50
WEB POS PAY-IMAGES	1	0.1000	0.10
<b>SUBTOTAL</b>			<b>51.41</b>
<b>TRANSPORTATION SERVICES (YOU MUST INCLUDE ONE-TIME INTERNAL COSTS)</b>			
ARMORED CAR SERVICES	1	200.0000	200.00
<b>SUBTOTAL</b>			<b>200.00</b>
<b>BUSINESS CHECKING</b>			
BRANCH DEPOSIT	1	1.0000	1.00
ELECTRONIC CREDIT	3	0.1000	0.30
ELECTRONIC DEBIT	11	0.1000	1.10
ACH BLOCK	1	1.0000	1.00
ACH BLOCK	4	1.0000	4.00
ACH BLOCK	3	1.0000	3.00
BANK STATEMENT WEB	8	1.0000	8.00

**UNION BANK**  
**GOVERNMENT SERVICES PRICING SCENARIO - PRICE SCHEDULE**  
**Central Contra Costa Transit Authority**  
**November 2014**

<u>BILLABLE DESCRIPTION</u>	<u>VOLUME</u>	<u>Proposed Price \$</u>	<u>Extended Proposed Price \$</u>
DEPOSIT ADMIN FEE (000's)	2,250.0	0.0894	201.15
<b>SUBTOTAL</b>			<b>219.55</b>
<b>CHECK PROCESSING</b>			
LOCAL CLR.HSE./BRANCH DEP.	1	0.1000	0.10
LOCAL FED DIST 12 - BRANCH DEP	1	0.1400	0.14
OTHER FED - BRANCH DEPOSIT	1	0.1500	0.15
<b>SUBTOTAL</b>			<b>0.39</b>
<b>CASH VAULT SERVICES</b>			
COIN DEPOSITED - STD BAG	96	1.5000	144.00
DEPOSIT - CASH OR COIN ONLY	36	1.4500	52.20
CURRENCY DEPOSITED-UNSTRAPPED (000's)	192.0	1.2000	230.40
DEPOSIT ADJUSTMENT	4	7.0000	28.00
<b>SUBTOTAL</b>			<b>454.60</b>
<b>CUSTOMER SERVICE ACTIVITIES</b>			
NON-CUSTOMER CASH PAID ON-US	1	0.0000	0.00
<b>SUBTOTAL</b>			<b>0.00</b>
<b>IMAGE CHECK</b>			
REMOTE DEPOSIT MONTHLY MAINT	1	125.0000	125.00
REMOTE DEPOSIT ADD'L ACCT	1	75.0000	75.00
REMOTE DEPOSIT ON US	100	0.0800	8.00
REMOTE DEPOSIT PER TRANSIT	100	0.1000	10.00
REMOTE DEPOSIT PER DEPOSIT	21	1.0000	21.00
<b>SUBTOTAL</b>			<b>239.00</b>
<b>CHECK IMAGE</b>			
IOD - ACCOUNT BASE	8	0.0000	0.00
IOD MONTHLY MAINTENANCE FEE	8	1.0000	8.00
<b>SUBTOTAL</b>			<b>8.00</b>

**UNION BANK**  
**GOVERNMENT SERVICES PRICING SCENARIO - PRICE SCHEDULE**  
**Central Contra Costa Transit Authority**  
**November 2014**

<b>BILLABLE DESCRIPTION</b>	<b>VOLUME</b>	<b>Proposed Price \$</b>	<b>Extended Proposed Price \$</b>
<b>INFORMATION REPORTING</b>			
WEB PRIOR DAY REPORT ACCOUNTS	1	5.0000	5.00
WEB PRIOR DAY REPORT ACCOUNTS	7	5.0000	35.00
WEB PRIOR DAY ITEM PRINTED	50	0.0500	2.50
WEB PD BAL/SUM UPDATED	50	0.0500	2.50
WEB PD TRANSACTIONS UPDATED	50	0.0500	2.50
WEB CD BAL/SUM UPDATED	20	0.0500	1.00
WEB CD TRANSACTIONS UPDATED	20	0.0500	1.00
WEB CURRENT DAY RPT ACCOUNTS	1	5.0000	5.00
WEB CURRENT DAY RPT ACCOUNTS	1	5.0000	5.00
<b>SUBTOTAL</b>			<b>59.50</b>
<b>DEPOSITED ITEMS RETURNED</b>			
DEPOSITD ITEMS RETURNED-RECLEAR	2	2.0000	4.00
DEPOSITD ITEMS RETURNED-CHRGBK	2	3.0000	6.00
WEB RI INQ & DEC MOD FEE	1	0.0000	0.00
WEB RI I&D ITMS AVL FOR INQ	1	1.0000	1.00
WEB RI I&D ITMS AVL FOR DEC	1	1.0000	1.00
WEB RI - MONTHLY MAINTENANCE	1	2.0000	2.00
<b>SUBTOTAL</b>			<b>14.00</b>
<b>TEAM STOP PAYMENTS</b>			
WEB ACCT RECON STOP PMT	1	3.0000	3.00
WEB PHOTOCOPIES	1	3.0000	3.00
WEB NUMBER STOP ACCOUNTS	1	0.0000	0.00
<b>SUBTOTAL</b>			<b>6.00</b>
<b>WIRE TRANSFERS</b>			
INCOMING DOMESTIC REPETITIVE	1	4.0000	4.00
INCOMING DOMESTIC NON-REP	1	4.0000	4.00
<b>SUBTOTAL</b>			<b>8.00</b>
<b>ELECTRONIC WIRE TRANSFER</b>			

**UNION BANK**  
**GOVERNMENT SERVICES PRICING SCENARIO - PRICE SCHEDULE**  
**Central Contra Costa Transit Authority**  
**November 2014**

<b>BILLABLE DESCRIPTION</b>	<b>VOLUME</b>	<b>Proposed Price \$</b>	<b>Extended Proposed Price \$</b>
WIRE TRANSFER MONTHLY FEE/WEB	1	5.0000	5.00
OUTGOING DOMESTIC WIRE/WEB	4	7.0000	28.00
INTERNAL TRANSFER INTRADAY/WEB	1	5.0000	5.00
<b>SUBTOTAL</b>			<b>38.00</b>
<b>TOTAL</b>			<b>1,322.95</b>

# County Connection

## INTER OFFICE MEMO

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

Date: November 25, 2014

**SUBJECT: Income Statements for the Three Months Ended September 30, 2014**

The attached unaudited Income Statements for the three months of FY 2015 are presented for your review. The combined actual expenses, Fixed Route and Paratransit, (Schedule 1), are 9% under the year to date budget (\$809,030). The expense categories with the most significant variances are:

Wages	\$( 95,282)	( 2.8)%	Operator wages are \$33K lower ( <i>Schedule 4 for detail</i> ) and other wages are \$62K lower, mainly in Maintenance Dept.
Fringe benefits	\$( 156,251)	( 7.1)%	Benefits are under budget mainly because of medical premiums (\$100K) and PERS (\$20K) and other various categories.
Materials & Supplies	\$( 194,827)	(20.3)%	Materials and supplies are lower mainly due to diesel fuel (\$151k).
Purchased transportation	\$( 51,524)	( 3.9)%	Purchased transportation is less because the cost per hour is less than budgeted and less service hours.

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 10.3% under budget and Paratransit expenses are 1.5% under budget.

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

Passenger fares/special fares	\$( 76,514)	( 5.9)%	Passenger fares are lower than projected. However they are more than the prior two years for the same time period.
TDA revenue earned	\$( 763,404)	( 16.4)%	TDA revenue is lower due to an increase in other revenue and lower than expected expenses.
Other Operating assistance	\$( 70,456)	( 21.7)%	Other operating assistance is lower mainly due to timing of receipts but also actual allocation will be less than budgeted.

#### **Fixed Route Operator Wages (Schedule 4)**

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

- Platform (work time) is 2.9% under budget.
- Protection is 23.4% under budget.
- Training is 107% over budget.
- Overall wages for operators are 1.7% under budget.

#### **Statistics (Schedule 6)**

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

Fixed route:

- Passenger fares/special fares are 2.9% more than FY 2014 and 1.8% more compared to FY 2013.
- The farebox recovery ratio is more compared to FY 2014 but less than FY 2013. The ratio is 15.6% in FY 2015; 15.2% in FY 2014 and 16.3% in FY 2013.
- Operating expenses are .1% less than in FY 2014 and 6.1% more than in FY 2013.
- Fixed route revenue hours are 2.5% more than FY 2014 and 5.7% more than FY 2013.
- The cost per revenue hour has decreased 2.5% compared to FY 2014 and increased .4% compared to FY 2013.
- Passengers have increase 10.8% compared to FY 2014 and 15.1% compared to FY 2013. Much of this is attributable to a change in the factor applied to raw data produced from the Ridecheck software. The factor is calculated based on passenger surveys. The Planning Dept. believes the new factor is more accurate because the surveys are compared to bus videos. If the same factor had been used for FY 2013 as is being used in FY 2014 there would have been a 2.9% increase in passengers (25,089), rather than 10.8%.
- The cost per passenger has decreased 9.8% compared to FY 2014 and 7.8% compared to FY 2013.
- Passengers per revenue hour have increased 8.1% compared to FY 2014 and 8.9% compared to FY 2013.

Paratransit:

- Passenger fares have increased 15.2% compared to FY 2014 and decreased 2.9% compared to FY 2013.
- The farebox ratio is more than FY 2014 and the same as FY 2013. The ratio is 10.8% in FY 2015; 9.1% in FY 2014; and 10.8% in FY 2013.
- Expenses have decreased 2.9% compared to the prior year and 3.3% compared to FY 2013.
- Revenue hours are .2% more than FY 2014 and 12% less than FY 2013.
- Passengers have decreased 1.4% compared to FY 2014 and increased 3% compared to FY 2013.
- The cost per passenger has decreased 1.4% since FY 2014 and 6.1% compared to FY 2013.
- Paratransit passengers per revenue hour have decreased 1.6% compared to FY 2014 and increased 17.1% compared to FY 2013.

# CENTRAL CONTRA COSTA TRANSIT AUTHORITY

FY 2015 Year to Date Comparison of Actual vs Budget

Combined Fixed Route and Paratransit Income Statement

For the Three Months Ended September 30, 2014

	Actual	Budget	Variance	% Variance
<b>Revenues</b>				
Passenger fares	\$ 881,472	\$ 990,765	\$ (109,293)	-11.0%
Special fares	329,837	297,058	32,779	11.0%
	1,211,309	1,287,823	(76,514)	-5.9%
Advertising	141,210	148,053	(6,843)	-4.6%
Safe Harbor lease	878	1,250	(372)	-29.8%
Other revenue	82,023	28,775	53,248	185.0%
Federal operating	322,250	322,250	-	0.0%
TDA earned revenue	3,886,376	4,649,780	(763,404)	-16.4%
STA revenue	795,707	795,707	0	0.0%
Measure J	1,462,175	1,406,864	55,312	3.9%
Other operating assistance	253,626	324,082	(70,456)	-21.7%
	6,944,245	7,676,760	(732,515)	-9.5%
<b>Total Revenue</b>	<b>\$ 8,155,554</b>	<b>\$ 8,964,584</b>	<b>\$ (809,030)</b>	<b>-9.0%</b>
<b>Expenses</b>				
Wages- Operators	\$ 1,968,881	\$ 2,002,271	\$ (33,390)	-1.7%
Wages-Other	1,384,138	1,446,030	(61,892)	-4.3%
	3,353,019	3,448,301	(95,282)	-2.8%
Fringe Benefits	2,030,321	2,186,572	(156,251)	-7.1%
Services	471,456	509,129	(37,673)	-7.4%
Materials & Supplies	767,225	962,052	(194,827)	-20.3%
Utilities	55,197	85,700	(30,503)	-35.6%
Insurance	133,859	117,127	16,732	14.3%
Taxes	46,174	81,400	(35,226)	-43.3%
Leases and Rentals	10,021	10,175	(154)	-1.5%
Miscellaneous	29,118	32,658	(3,540)	-10.8%
Special Trip Services	1,259,164	1,310,687	(51,523)	-3.9%
<b>Operations</b>	<b>8,155,554</b>	<b>8,743,802</b>	<b>(588,248)</b>	<b>-6.7%</b>
Contingency Reserve	0	220,782	(220,782)	-100.0%
<b>Total Expenses</b>	<b>\$ 8,155,554</b>	<b>\$ 8,964,584</b>	<b>\$ (809,030)</b>	<b>-9.0%</b>
<b>Net Income (Loss)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Revenue Hours</b>				
	73,365	72,133	1,232	1.7%
<b>Cost per Rev Hr</b>	<b>\$ 111.03</b>	<b>\$ 124.14</b>	<b>\$ (13.11)</b>	<b>-10.6%</b>
<b>Passengers</b>				
	926,969	864,696	62,273	7.2%
<b>Cost per Passenger</b>	<b>\$ 8.80</b>	<b>\$ 10.37</b>	<b>\$ (1.57)</b>	<b>-15.1%</b>
<b>Farebox ratio</b>	<b>14.9%</b>	<b>14.4%</b>	<b>0.5%</b>	<b>3.4%</b>

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



**CENTRAL CONTRA COSTA TRANSIT AUTHORITY**  
**FY 2015 Year to Date Comparison of Actual vs Budget**  
**Fixed Route Income Statement**  
**For the Three Months Ended September 30, 2014**

	Actual	Budget	Variance	% Variance
<b>Revenues</b>				
Passenger fares	\$ 741,900	\$ 852,967	\$ (111,067)	-13.0%
Special fares	329,837	297,058	32,779	11.0%
	1,071,737	1,150,025	(78,288)	-6.8%
Advertising	\$ 141,210	148,053	(6,843)	-4.6%
Safe Harbor lease	878	1,250	(372)	-29.8%
Other revenue	81,994	28,750	53,244	185.2%
Federal operating			-	
TDA earned revenue	3,736,277	4,458,241	(721,964)	-16.2%
STA revenue	517,137	517,137	(0)	0.0%
Measure J	1,099,546	1,069,145	30,402	2.8%
Other operating assistance	213,916	279,714	(65,798)	-23.5%
	5,790,958	6,502,289	(711,331)	-10.9%
<b>Total Revenue</b>	<b>\$ 6,862,695</b>	<b>\$ 7,652,315</b>	<b>\$ (789,620)</b>	<b>-10.3%</b>
<b>Expenses</b>				
Wages- Operators	\$ 1,968,881	\$ 2,002,271	\$ (33,390)	-1.7%
Wages-Other	1,361,723	1,422,701	(60,978)	-4.3%
	3,330,604	3,424,972	(94,368)	-2.8%
Fringe Benefits	2,012,808	2,173,283	(160,475)	-7.4%
Services	468,637	503,749	(35,112)	-7.0%
Materials & Supplies	765,880	961,102	(195,222)	-20.3%
Utilities	49,902	80,500	(30,598)	-38.0%
Insurance	133,859	117,127	16,732	14.3%
Taxes	46,054	81,250	(35,196)	-43.3%
Leases and Rentals	10,021	10,175	(154)	-1.5%
Miscellaneous	29,118	32,425	(3,307)	-10.2%
Purchased Transportation	15,812	46,949	(31,137)	-66.3%
<b>Operations</b>	<b>6,862,695</b>	<b>7,431,533</b>	<b>(568,838)</b>	<b>-7.7%</b>
Contingency Reserve		220,782	(220,782)	
<b>Total Expenses</b>	<b>\$ 6,862,695</b>	<b>\$ 7,652,315</b>	<b>\$ (789,620)</b>	<b>-10.3%</b>
<b>Net Income (Loss)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Revenue Hours</b>	<b>54,562</b>	<b>53,157</b>	<b>1,405</b>	<b>2.6%</b>
<b>Cost per Rev Hr</b>	<b>\$ 125.59</b>	<b>\$ 143.77</b>	<b>(18.17)</b>	<b>-12.6%</b>
<b>Passengers</b>	<b>890,053</b>	<b>826,692</b>	<b>63,361</b>	<b>7.7%</b>
<b>Cost per Passenger</b>	<b>\$ 7.71</b>	<b>\$ 9.26</b>	<b>(1.55)</b>	<b>-16.7%</b>
<b>Passengers per Rev Hr</b>	<b>16.31</b>	<b>15.55</b>	<b>0.76</b>	<b>4.9%</b>
<b>Farebox recovery ratio</b>	<b>15.6%</b>	<b>15.5%</b>	<b>0.1%</b>	<b>0.9%</b>

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

# CENTRAL CONTRA COSTA TRANSIT AUTHORITY

## Paratransit Income Statement

FY 2015 Year to Date Comparison of Actual vs Budget

For the Three Months Ended September 30, 2014

	Actual	Budget	Variance	% Variance
<b>Revenues</b>				
Passenger fares	\$ 139,572	\$ 137,798	\$ 1,774	1.3%
	139,572	137,798	1,774	1.3%
Advertising		-	-	
Other revenue	29	25	4	16.0%
Federal operating	322,250	322,250	-	0.0%
TDA earned revenue	150,099	191,538	(41,439)	-21.6%
STA revenue	278,571	278,571	(1)	0.0%
Measure J	362,629	337,719	24,910	7.4%
Other operating assistance	39,710	44,369	(4,659)	-10.5%
	1,153,288	1,174,472	(21,185)	-1.8%
<b>Total Revenue</b>	<b>\$ 1,292,860</b>	<b>\$ 1,312,270</b>	<b>\$ (19,410)</b>	<b>-1.5%</b>
<b>Expenses</b>				
Wages- Operators			\$ -	0.0%
Wages-Other	\$ 22,415	\$ 23,329	\$ (914)	-3.9%
	22,415	23,329	(914)	-3.9%
Fringe Benefits	17,513	13,289	4,224	31.8%
Services	2,819	5,380	(2,561)	-47.6%
Materials & Supplies	1,345	950	395	41.6%
Utilities	5,295	5,200	95	1.8%
Taxes	120	150	(30)	-20.0%
Miscellaneous		233	(233)	-100.0%
Special Trip Services	1,243,353	1,263,739	(20,386)	-1.6%
<b>Total Expenses</b>	<b>\$ 1,292,860</b>	<b>\$ 1,312,270</b>	<b>\$ (19,410)</b>	<b>-1.5%</b>
<b>Net Income (Loss)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Revenue Hours</b>	<b>18,803</b>	<b>18,977</b>	<b>(174)</b>	<b>-0.9%</b>
<b>Cost per Rev Hr</b>	<b>\$ 68.76</b>	<b>\$ 69.15</b>	<b>(0.39)</b>	<b>-0.6%</b>
<b>Passengers</b>	<b>36,916</b>	<b>38,005</b>	<b>(1,089)</b>	<b>-2.9%</b>
<b>Cost per Passenger</b>	<b>\$ 35.02</b>	<b>\$ 34.53</b>	<b>0.49</b>	<b>1.4%</b>
<b>Passengers per Rev Hr</b>	<b>1.96</b>	<b>2.00</b>	<b>(0.04)</b>	<b>-2.0%</b>
<b>Farebox ratio</b>	<b>10.8%</b>	<b>10.5%</b>	<b>0.3%</b>	<b>2.8%</b>
<i>(fares, spec fares/Oper exp-leases)</i>				

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY**  
**Operator Wages**  
*For the Three Months Ended September 30, 2014*

	Actual	Year to Date	Budget	Variance	% Variance
Platform/report/turn in	1,531,604 \$		1,577,572 \$	(45,967)	-2.9%
Guarantees	99,040 \$		96,125	2,915	3.0%
Overtime	64,950 \$		71,080	(6,130)	-8.6%
Spread	42,548 \$		44,926	(2,378)	-5.3%
Protection	69,801 \$		91,184	(21,382)	-23.4%
Travel	60,230 \$		61,669	(1,439)	-2.3%
Training	83,816 \$		40,499	43,317	107.0%
Other Misc	16,891 \$		19,216	(2,325)	-12.1%
	<b>\$ 1,968,881 \$</b>		<b>\$ 2,002,271 \$</b>	<b>(33,390)</b>	<b>-1.7%</b>

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY**  
**Other Revenue; Other Operating Assistance; Miscellaneous Expenses**  
*For the Three Months Ended September 30, 2014*

<b>Other Revenue</b>	
Investment Income (Interest)	\$ 3,052
ADA Database Management revenue	75,000
Sale of Assets	
Paypal Shipping revenue	467
RTC Card revenue	154
Accounts payable discount	6
Various	3,344
	\$ 82,023
<b>Other Operating Assistance</b>	
RM2	\$ 36,333
Caltrans planning grant	3,184
BART feeder revenue	174,399
ADA BART	39,710
	\$ 253,626
<b>Miscellaneous Expenses</b>	
Board Travel Expense	\$ 6,382
Staff Travel Expense	\$ 6,482
APTA Dues	\$ 8,627
Employee functions	\$ 2,135
Employee Awards/pins	\$ 100
Paypal fees	\$ 944
Training	\$ 4,184
Various other	\$ 264
	\$ 29,118

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY**  
**FY 2015 Year to Date Comparison of FY 2014 Actual & FY 2013 Actual**  
**Statistics**

**For the Three Months Ended September 30, 2014**

	Actual FY2015	Actual FY2014	Variance Actual 2015 to Actual 2014	Actual FY2013	Variance Actual 2015 to Actual 2013
<b>Fixed Route</b>					
Fares	\$ 741,900	\$ 794,254	-6.6%	\$ 829,638	-10.6%
Special Fares	329,837	246,920	33.6%	223,550	47.5%
<b>Total Fares</b>	<b>\$ 1,071,737</b>	<b>\$ 1,041,174</b>	<b>2.9%</b>	<b>\$ 1,053,188</b>	<b>1.8%</b>
<i>Fares box recovery ratio</i>	<i>15.6%</i>	<i>15.2%</i>	<i>3.0%</i>	<i>16.3%</i>	<i>-4.1%</i>
Operating Exp (Less leases)	\$ 6,852,674	\$ 6,856,346	-0.1%	\$ 6,458,249	6.1%
<i>Revenue Hours</i>	<i>54,562</i>	<i>53,237</i>	<i>2.5%</i>	<i>51,633</i>	<i>5.7%</i>
<i>Cost per Rev Hour</i>	<i>\$ 125.59</i>	<i>\$ 128.79</i>	<i>-2.5%</i>	<i>\$ 125.08</i>	<i>0.4%</i>
<i>Passengers</i>	<i>890,053</i>	<i>803,030</i>	<i>10.8%</i>	<i>773,469</i>	<i>15.1%</i>
<i>Cost per Passenger</i>	<i>\$ 7.70</i>	<i>\$ 8.54</i>	<i>-9.8%</i>	<i>\$ 8.35</i>	<i>-7.8%</i>
<i>Passengers per Rev Hr</i>	<i>16.31</i>	<i>15.08</i>	<i>8.1%</i>	<i>14.98</i>	<i>8.9%</i>

**Paratransit**

Fares	\$ 139,572	\$ 121,171	15.2%	\$ 143,773	-2.9%
<i>Fares box recovery ratio</i>	<i>10.8%</i>	<i>9.1%</i>	<i>18.6%</i>	<i>10.8%</i>	<i>0.4%</i>
Operating Exp (Less leases)	\$ 1,292,860	\$ 1,330,877	-2.9%	\$ 1,336,831	-3.3%
<i>Revenue Hours</i>	<i>18,803</i>	<i>18,774</i>	<i>0.2%</i>	<i>21,379</i>	<i>-12.0%</i>
<i>Cost per Rev Hour</i>	<i>\$ 68.76</i>	<i>\$ 70.89</i>	<i>-3.0%</i>	<i>\$ 62.53</i>	<i>10.0%</i>
<i>Passengers</i>	<i>36,916</i>	<i>37,456</i>	<i>-1.4%</i>	<i>35,850</i>	<i>3.0%</i>
<i>Cost per Passenger</i>	<i>\$ 35.02</i>	<i>\$ 35.53</i>	<i>-1.4%</i>	<i>\$ 37.29</i>	<i>-6.1%</i>
<i>Passengers per Rev Hr</i>	<i>1.96</i>	<i>2.00</i>	<i>-1.6%</i>	<i>1.68</i>	<i>17.1%</i>

# County Connection



## INTER OFFICE MEMO

**TO:** A & F Committee

**DATE:** November 25, 2014

**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, 2014.

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 BANK		PER BANK		PER BANK		PER GL
				DEC2013	MAR2014	JUNE 2014	SEPT 2014	SEPT 2014	SEPT 2014	SEPT 2014				
FIXED ROUTE														
First Republic Bank	1106171	CHECKING	A/P General Account-Fixed Route	\$ 425,736	\$ 134,594	\$ 335,006	\$ 609,764	\$ 293,959						
First Republic Bank	1106198	CHECKING	PAYROLL	\$ 429,660	\$ 157,631	\$ 108,327	\$ 53,386	\$ 55,354						
First Republic Bank	1015001	CHECKING	CAPITAL PURCHASES	\$ 10,635	\$ 84,558	\$ 87,599	\$ 1,891,567	\$ 153,550						
First Republic Bank	1402595	CHECKING	WORKERS COMP-CORVEL	\$ 51,053	\$ 46,959	\$ 49,675	\$ 43,400	\$ 37,652						
First Republic Bank	1106228	CHECKING	PASS SALES	\$ 61	\$ 89,603	\$ 781	\$ 75,617	\$ 131						
First Republic Bank	800-0097-1896	Money Market	OnBoardCarm-TSGP 2012	\$ 116,978	\$ 101	\$ 131	\$ 131	\$ 131						
First Republic Bank	80001361790	Money Market	INFO TRANSIT SYS MAINTENANCE-CLEVER DEV	\$ -	\$ -	\$ 116,921	\$ -	\$ -						
PAYPAL	27SAXUUF19732	CHECKING	PAYPAL-PASS SALES	\$ 127	\$ 5,419	\$ 7,543	\$ 8,789	\$ 8,789						
PARATRANSIT				\$ 1,034,251	\$ 518,867	\$ 705,983	\$ 2,682,553	\$ 625,052						
First Republic Bank	1049584	CHECKING	CAPITAL PURCHASES	\$ 3,520	\$ 3,520	\$ 3,520	\$ 3,520	\$ 3,520						
First Republic Bank	1106244	CHECKING	A/P General Account-Paratransit	\$ 817,283	\$ 1,259,638	\$ 957,274	\$ 1,432,989	\$ 1,021,519						
LAIF FUND				\$ 820,803	\$ 1,263,158	\$ 960,794	\$ 1,436,509	\$ 1,025,039						
LAIF ACCOUNT	4007001	INT-INVEST	OPERATING FUNDS	\$ 5,403,523	\$ 5,438,288	\$ 2,041,583	\$ 5,543,238	\$ 5,543,238						
LAIF ACCOUNT		INT-INVEST	Padreco Transit Center	\$ 705,894	\$ 625,195	\$ 625,529	\$ 285,105	\$ 285,105						
LAIF ACCOUNT		INT-INVEST	Rolling Stock-2012	\$ 1,468,757	\$ 1,469,703	\$ 1,470,537	\$ 1,471,347	\$ 1,471,347						
LAIF ACCOUNT		INT-INVEST	Rolling Stock-1011 VANS	\$ 1,106,552	\$ 1,106,264	\$ 1,106,892	\$ 1,107,502	\$ 1,107,502						
LAIF ACCOUNT		INT-INVEST	Rolling Stock-2013	\$ 484,847	\$ 485,159	\$ 485,434	\$ 485,701	\$ 485,701						
LAIF ACCOUNT		INT-INVEST	Manitez Stop Project	\$ 67,708	\$ 67,752	\$ 67,790	\$ 67,827	\$ 67,827						
LAIF ACCOUNT		INT-INVEST	Facility Rehab	\$ 3,393,797	\$ 3,395,984	\$ 3,397,911	\$ 3,399,783	\$ 3,399,784						
LAIF ACCOUNT		INT-INVEST	SAFE HARBOR LEASE RESERVE	\$ 1,438,524	\$ 1,439,451	\$ 1,440,268	\$ 1,441,061	\$ 1,441,061						
CCCTA EMPLOYEE				\$ 14,068,502	\$ 14,027,736	\$ 10,635,944	\$ 13,801,564	\$ 13,801,566						
First Republic Bank	1402153	INT CHECK	EMPLOYEE FITNESS FUND	\$ 10,307	\$ 10,995	\$ 11,675	\$ 10,779	\$ 10,780						
First Republic Bank	800-0136-0834	INT CHECK	EMPLOYEE FUNCTION	\$ 51	\$ 1	\$ 1	\$ 647	\$ 647						
GRAND TOTAL				\$ 15,934,014	\$ 15,820,757	\$ 12,314,396	\$ 17,932,152	\$ 15,463,083						

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*  
 Rick Ramacier  
 General Manager  
 DATE 11/21/14