

County Connection

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

ADMINISTRATION & FINANCE COMMITTEE MEETING AGENDA

Wednesday, December 2, 2015

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 28, 2015*
4. FY2015 Audit-Teleconference*
5. Paid Sick Leave for Unrepresented Part-time Employees*
6. County Connection Income Statements for the Three Months Ended September 30, 2015*
7. County Connection Investment Policy-Quarterly Reporting Requirement*
8. Review of Vendor Bills, November 2015**
9. Legal Services Statement, September 2015-General, September 2015 Labor**
10. Adjournment

*Enclosure

**Enclosure for Committee Members

***To be mailed under separate cover

FY2015/2016 A&F Committee

Don Tatzin – Lafayette, Al Dessayer - Moraga, Sue Noack – Pleasant Hill, Bob Simmons – Walnut Creek

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

CENTRAL CONTRA COSTA TRANSIT AUTHORITY

General Information

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

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

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

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

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

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

Currently Scheduled Board and Committee Meetings

Board of Directors:	Thursday, December 17, 9:00 a.m., County Connection Board Room
Administration & Finance:	TBA. 1676 N. California Blvd., S620, Walnut Creek
Advisory Committee:	TBA. County Connection Board Room
Marketing, Planning & Legislative:	Thursday, December 3, 8:30 a.m., 2477 Arnold Industrial Way, Concord, CA
Operations & Scheduling:	Monday, December 7, 8:00 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) or contact County Connection staff at 925/676-1976 to verify date, time and location prior to attending a meeting.

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

Administration and Finance Committee
Summary Minutes
October 28, 2015

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

Committee Members: Director Don Tatzin
 Director Al Dessayer
 Director Bob Simmons
 Director Sue Noack

Staff: General Manager Rick Ramacier
 Director of Finance Kathy Casenave

Public: Ralph Hoffmann

1. Approval of Agenda- Approved.
2. Public Communication- Mr. Hoffmann spoke about El Nino and whether CCCTA will be prepared..
3. Selection of Chair- The committee selected Director Bob Simmons as Chair.
4. Approval of Minutes of October 7, 2015- Approved.
5. CCCTA's Loss Trends- Director of Finance Casenave reported that the liability pool of which CCCTA is a member has issued a report of loss trends for FY 11, 12 & 13. CCCTA had an average cost of \$35 per 1,000 miles driven, which compared favorably to the pool average of \$46 per 1,000 miles driven. CCCTA's experience modification rate of .838 is also less than the average for the pool members. The pool consists of 33 California transit operators, of which CCCTA is the 6th largest. Reviewed.
6. Review of Vendor Bill, October 2015- Reviewed.
7. Legal Services Statement, August 2015- General and Labor- Approved.
8. Adjournment- The meeting was adjourned. The next meeting is scheduled for Wednesday, December 2 at 9:00 a.m.

Kathy Casenave, Director of Finance

DRAFT

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

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

JUNE 30, 2015

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
 JUNE 30, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
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 year ended June 30, 2015, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During the year ended June 30, 2015, the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the Authority that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. 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 _____, 2015, 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
_____, 2015

CENTRAL CONTRA COSTA TRANSIT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2015

Introduction

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

The Authority was established on March 27, 1980, under a joint exercise of power agreement to provide, either directly or through contract, public transportation services within certain areas of the County of Contra Costa (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 245 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 Statement of Net Position, (2) the Statement of Revenues, Expenses, and Changes in Net Position, (3) the Statement of Cash Flows, and (4) the Notes to the Financial Statements. The Statement of Net Position presents information on all of the Authority's assets and deferred outflows of resources and liabilities and deferred inflows of resources, 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 Statement 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.

New Significant Accounting Standards Implemented

In fiscal year 2015 the Authority adopted two new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB) that relate to pension activity:

- Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

Statement No. 68 establishes standards of accounting and financial reporting, but not funding standards, for the Authority's defined benefit pension plan with California Public Employees' Retirement System (CalPERS). This statement replaces the requirements of prior GASB statements impacting accounting and disclosure of pensions.

The measurement date for the pension liability is as of June 30, 2014. This date reflects a one year lag and was used so that the financial statements could be issued in an expedient manner. Activity occurring during fiscal year 2015 is reported on the Statement of Net Position in accordance with Statement No. 71; contributions made by the Authority in fiscal year 2015, after the measurement date, are reported as deferred outflows of resources and the unamortized difference in actual investment income versus the 7.5% assumed rate is reported as deferred inflows of resources.

In order to implement Statement No. 68, a prior period adjustment was made to the Authority's July 1, 2014 net position. This prior period adjustment decreased the Authority's beginning net position by \$5,057,126 and reflects the reporting of net pension liabilities, deferred outflows of resources, and deferred inflows of resources as of that date. Please refer to Note 7 for more information regarding the Authority's pension and Note 15 for details on the prior period adjustment.

Statement of Cash Flows

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

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

Financial Highlights

- Operating revenues were \$5,145,959, while operating expenses were \$37,145,541. The Authority is able to cover most of its operating expenses through operating revenue and federal, state, and local grants.

Statements of Net Position

A comparison of the Authority's Statements of Net Position as of June 30, 2015 and 2014, is as follows:

	2015	2014	2015 to 2014 Increase/Decrease	
			Amount	%
Current assets	\$ 20,313,861	\$ 19,665,595	\$ 648,266	3.30%
Noncurrent assets	32,214,687	34,683,041	(2,468,354)	(7.12)%
Total assets	52,528,548	54,348,636	(1,820,088)	(3.35)%
Deferred outflow of resources*	1,547,445	-	1,547,445	100.00%
Current liabilities	18,124,914	17,184,629	940,285	5.47%
Noncurrent liabilities*	1,183,440	959,936	223,504	23.28%
Total liabilities	19,308,354	18,144,565	1,163,789	6.41%
Deferred inflow of resources*	5,284,566	-	5,284,566	100.00%
Net position				
Net investment in capital assets	32,207,184	34,683,041	(2,475,857)	(7.14)%
Unrestricted net position	(2,724,111)	1,521,030	(4,245,141)	(279.10)%
Total net position	\$ 29,483,073	\$ 36,204,071	\$ (6,720,998)	(18.56)%

*Amounts represent new balances in fiscal year 2015 resulting from the implementation of GASB Statement No. 68. See Note 7 of the financial statements for more information on GASB Statement No. 68.

The Authority's decrease in net position was mainly due to depreciation of capital assets and implementation of GASB Statement No. 68.

Statements of Revenues, Expenses, and Changes in Net Position

A summary of the Authority's Statements of Revenues, Expenses, and Changes in Net Position for fiscal years 2015 and 2014 is as follows:

	2015	2014	2015 to 2014	
			Increase/Decrease Amount	%
Operating revenues	\$ 5,145,959	\$ 5,105,103	\$ 40,856	0.80%
Operating expenses	(37,145,541)	(38,207,992)	(1,062,451)	2.78%
Operating loss	(31,999,582)	(33,102,889)	1,103,307	3.33%
Nonoperating revenues	27,400,183	27,639,148	(238,965)	(0.86)%
Capital contributions	2,935,527	4,967,261	(2,031,734)	(40.90)%
Decrease in net position	<u>\$ (1,663,872)</u>	<u>\$ (496,480)</u>	<u>\$ (1,167,392)</u>	(235.13)%

The largest revenue category listed on the Statements of Revenues, Expenses, and Changes in Net Position is state and local operating assistance (78% in 2015, 77% in 2014). 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-six percent (56%) of the Authority's operating expenses is for salaries and benefits paid to employees. The next two largest categories of expense are purchased transportation, the cost of providing public transportation through an independent private contractor, and depreciation of capital assets.

Selected revenue increases (decreases) change from prior year:

	2015	2014	2015 to 2014
			Increase/ Decrease
Passenger revenue	\$ 3,759,432	\$ 3,935,630	\$ (176,198)
Special transit fares	1,386,527	1,169,473	217,054
Federal operating assistance	1,376,873	1,881,018	(504,145)
State and local operating assistance	25,324,446	25,117,180	207,266

As noted above, there was a decrease of \$504,145 in federal operating assistance, although, \$290,000 of the fiscal year 2015 federal grant is being carried over to fiscal year 2016. The increase in state and local operating assistance was due to additional revenue from Measure J offset by reductions in other operating assistance. The decrease in passenger revenue of \$176,198 was due to an increase in the number of senior mid-day free rides, while the increase in special transit fares of \$217,054 was due to an increase in services subsidized by other entities.

Capital Assets

Details of the capital assets, net of accumulated depreciation as of June 30, 2015 and 2014, are as follows:

	2015	2014	2015 to 2014 Increase/(Decrease)	
			Amount	%
Land and land improvements	\$ 4,865,615	\$ 4,814,408	\$ 51,207	1.06%
Construction in process	-	1,426,875	(1,426,875)	(100.00)%
Shop, office, other equipment, and service vehicles	4,626,898	4,373,022	253,876	5.81%
Buildings and structures	18,055,373	15,798,356	2,257,017	14.29%
Revenue vehicles	55,539,471	56,674,367	(1,134,896)	(2.00)%
Total	83,087,357	83,087,028	329	0.00%
Less accumulated depreciation	(50,880,173)	(48,403,987)	(2,476,186)	(5.12)%
Net total	<u>\$ 32,207,184</u>	<u>\$ 34,683,041</u>	<u>\$ (2,475,857)</u>	(7.14)%

Noncurrent Liabilities

At June 30, 2015, the Authority's noncurrent liabilities balance was \$1,183,440, which consisted of the net pension liability, compensated absences, and self-insurance liabilities. Please refer to Notes 7, 8, and 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 2016.

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.

BASIC FINANCIAL STATEMENTS

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS

Current Assets

Cash and cash equivalents (Note 2)	\$ 14,840,429
Capital and operating grants receivable	3,688,800
Materials and supplies	928,523
Other receivables, net of allowance \$(13,460)	590,947
Prepaid expenses and other assets	<u>265,162</u>

Total Current Assets 20,313,861

Noncurrent Assets

Other post-employment benefits asset (Notes 11 and 12)	7,503
Capital assets, net (Note 5)	<u>32,207,184</u>

Total Noncurrent Assets 32,214,687

Total Assets

\$ 52,528,548

DEFERRED OUTFLOW OF RESOURCES (Note 7)

\$ 1,547,445

LIABILITIES

Current Liabilities

Accounts payable	\$ 2,286,119
Due to other government, TDA payable (Note 13)	2,865,720
Advances from grantors	473,381
Advances from PTMISEA (Note 6)	9,629,937
Compensated absences (Note 12)	1,015,022
Other accrued liabilities	943,356
Self-insurance liabilities (Notes 8 and 12)	<u>911,379</u>

Total Current Liabilities 18,124,914

Noncurrent Liabilities

Compensated absences (Note 12)	32,952
Self-insurance liabilities (Notes 8 and 12)	643,802
Net pension liability (Note 7)	<u>506,686</u>

Total Noncurrent Liabilities 1,183,440

Total Liabilities

\$ 19,308,354

DEFERRED INFLOW OF RESOURCES (Note 7)

\$ 5,284,566

NET POSITION

Net investment in capital assets	\$ 32,207,184
Unrestricted	<u>(2,724,111)</u>

Total Net Position

\$ 29,483,073

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

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Operating Revenues	
Passenger fares	\$ 3,759,432
Special transit fares	<u>1,386,527</u>
Total Operating Revenues	<u>5,145,959</u>
Operating Expenses	
Salaries and benefits	20,582,768
Materials and supplies	2,761,506
Services	1,775,371
Purchased transportation	5,151,072
Insurance	627,088
Other	312,727
Utilities	256,395
Taxes	250,077
Leases and rentals	40,454
Depreciation	<u>5,388,083</u>
Total Operating Expenses	37,145,541
Operating Loss	(31,999,582)
Nonoperating Revenues	
Federal operating assistance	1,376,873
State and local operating assistance	25,324,446
Advertising revenue	586,768
Interest income	15,307
Other revenue	93,083
Gain on sale of capital assets	<u>3,706</u>
Total Nonoperating Revenues	<u>27,400,183</u>
Net Loss Before Capital Contributions	(4,599,399)
Capital Contributions	
Grants restricted for capital expenditures (Note 3)	<u>2,935,527</u>
Decrease in Net Position	(1,663,872)
Total Net Position, Beginning of Year	36,204,071
Prior Period Adjustment (Note 15)	<u>(5,057,126)</u>
Total Net Position, Beginning of Year, as Restated	<u>31,146,945</u>
Total Net Position, End of Year	<u>\$ 29,483,073</u>

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

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 5,206,152
Payments to employees (salaries and benefits)	(21,417,649)
Payments to suppliers	<u>(14,196,775)</u>
Net Cash Used in Operating Activities	<u>(30,408,272)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal operating grants	1,376,873
State and local operating grants	26,075,445
Other noncapital revenue	<u>679,851</u>
Net Cash Provided by Noncapital Financing Activities	<u>28,132,169</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from sale of capital assets	27,000
Capital grants received	7,750,802
Capital asset purchases	<u>(2,935,527)</u>
Net Cash Flows Provided by Capital and Related Financing Activities	<u>4,842,275</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>15,307</u>
Net Increase in Cash and Cash Equivalents	2,581,479
Cash and Cash Equivalents, Beginning of Year	<u>12,258,950</u>
Cash and Cash Equivalents, End of Year	<u>\$ 14,840,429</u>

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

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
STATEMENT OF CASH FLOWS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Operating Loss	\$ (31,999,582)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	5,388,083
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Decrease in receivables	60,193
Decrease in materials and supplies	91,380
(Increase) in prepaid expenses	(205,399)
(Increase) in other assets related to other post-employment benefits	(11,871)
(Decrease) in accounts payable	(2,908,066)
(Decrease) in net pension liability and related items	(813,319)
(Decrease) in other liabilities and compensated absences	<u>(9,691)</u>
Net Cash Used by Operating Activities	<u><u>\$ (30,408,272)</u></u>

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

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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 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 \$2,935,527 for the fiscal year ended June 30, 2015.

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

Net Position

Net position represents the residual interest in the Authority's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. Net position is presented in three broad components: net investment in capital assets, restricted, and unrestricted. Net investment in capital assets includes capital assets net of accumulated depreciation 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 GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the 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, 2015, 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 has deferred outflow of resources and deferred inflow of resources related to the California Public Employees' Retirement System (CalPERS) defined benefit plan. Refer to Note 7 for more information.

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

The Authority is self-insured for public liability and property damage for the first \$250,000 for each occurrence. Claims between \$250,000 and \$1,000,000 are insured through a compensation pool with the California Transit Systems Joint Powers Insurance Authority (CalTIP) and claims in excess of \$1,000,000 are insured with excess insurance purchased through CalTIP up to \$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 expense is incurred. Under the accrual basis of accounting, revenue may be recognized only when earned. Therefore, enterprise funds defer revenue recognition in connection with resources that have been received as of year-end, but not yet earned. Grants received in excess of allowable expenses are recorded as due to other government and advances (refer to Notes 6 and 13).

I. Defined Benefit Pension

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's CalPERS plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value (refer to Note 7).

Other 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Funding Sources/Programs (Continued)

Federal Transportation Assistance

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

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 _____, 2015, 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, which were implemented 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 Authority has implemented the provisions of GASB Statement No. 68 in the current year. The implementation of this standard resulted in the Authority restating the beginning net position. Refer to Note 15 – Prior Period Adjustment and Note 7 – Employees’ Retirement Pension Plan for a detailed discussion of the effects on the Authority’s 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. There was no effect on the Authority’s accounting or financial reporting as a result of implementing this standard.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)M. Implementation of New Accounting Pronouncements (Continued)

Statement No. 71	<i>Pension Transition for Contributions Made Subsequent to the Measurement Date</i>	Amends paragraph 137 of GASB Statement No. 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 GASB 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 GASB Statement No. 68 and, therefore, the Authority has implemented the provisions of GASB Statement No. 71 in the current year.
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N. Future Accounting Pronouncements

GASB Statements Nos. 72-77 listed below will be implemented in future financial statements:

Statement No. 72	<i>Fair Value Measurement and Application</i>	The provisions of this statement are effective for financial statements for reporting periods beginning after June 15, 2015. The Authority has not fully judged the effect of the implementation of GASB Statement No. 72 as of the date of the basic financial statements.
Statement No. 73	<i>Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68</i>	The provisions of this statement are effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for fiscal years beginning after June 15, 2016. The Authority has not fully judged the effect of the implementation of GASB Statement No. 73 as of the date of the basic financial statements.
Statement No. 74	<i>Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans</i>	The provisions of this statement are effective for fiscal years beginning after June 15, 2016. The Authority has not fully judged the effect of the implementation of GASB Statement No. 74 as of the date of the basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Future Accounting Pronouncements (Continued)

Statement No. 75	<i>Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans</i>	The provisions of this statement are effective for fiscal years beginning after June 15, 2017. The Authority has not fully judged the effect of the implementation of GASB Statement No. 75 as of the date of the basic financial statements.
Statement No. 76	<i>The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments</i>	The provisions of this statement are effective for reporting periods beginning after June 15, 2015. The Authority has not fully judged the effect of the implementation of GASB Statement No. 76 as of the date of the basic financial statements.
Statement No. 77	<i>Tax Abatement Disclosures</i>	The provisions of this statement are effective for reporting periods after December 15, 2015. The Authority has not fully judged the effect of the implementation of GASB Statement No. 77 as of the date of the basic financial statements.

NOTE 2 – CASH AND CASH EQUIVALENTS

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

Cash on hand	\$	390
Cash in banks		2,486,516
Investments		12,353,523
		\$ 14,840,429

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

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

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

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

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

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.

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.

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.

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)Cash on Hand and Cash in Banks (Continued)**Disclosures Relating to Interest Rate Risk** (Continued)

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

Investment Type	Amount	Remaining Maturity			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
LAIF	\$ 12,353,523	\$ 12,353,523	\$ -	\$ -	\$ -

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:

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year-End		
				AAA	Aa	Not Rated
LAIF	\$ 12,353,523	N/A	\$ -	\$ -	\$ -	\$ 12,353,523

Custodial Credit Risk

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

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: \$2,644,106 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, 2015.

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, 2015.

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 year ended June 30 is as follows:

Federal grants	\$ 1,756,772
State grants	726,091
TDA (local transportation grants)	452,664
 Total Capital Assistance	 \$ 2,935,527

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 year ended June 30, 2015, was \$3,748. For the year ended June 30, 2015, the Authority's maximum TDA assistance eligibility was \$15,142,632.

During the fiscal year ended June 30, 2015, the Authority earned \$5,668,335 of Measure J 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. Expenses 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, 2014	Additions	Deletions	Balance June 30, 2015
Capital Assets Not Being Depreciated:				
Construction in process	\$ 1,426,875	\$ -	\$ (1,426,875)	\$ -
Land	2,704,785	-	-	2,704,785
Total Capital Assets Not Being Depreciated	4,131,660	-	(1,426,875)	2,704,785
Capital Assets Being Depreciated:				
Land improvements	2,109,623	51,207	-	2,160,830
Shop, office, other equipment, and service vehicles	4,373,022	253,876	-	4,626,898
Buildings and structures	15,798,356	2,257,017	-	18,055,373
Revenue vehicles	56,674,367	1,800,436	(2,935,332)	55,539,471
Total Capital Assets Being Depreciated	78,955,368	4,362,536	(2,935,332)	80,382,572
Less Accumulated Depreciation for:				
Land improvements	2,086,101	11,947	-	2,098,048
Shop, office, other equipment, and service vehicles	3,316,424	309,906	-	3,626,330
Buildings and structures	10,936,765	770,034	-	11,706,799
Revenue vehicles	32,064,697	4,296,196	(2,911,897)	33,448,996
Total Accumulated Depreciation	48,403,987	5,388,083	(2,911,897)	50,880,173
Total Capital Assets Being Depreciated, Net	30,551,381	(1,025,547)	(23,435)	29,502,399
Total Capital Assets, Net	\$ 34,683,041	\$ (1,025,547)	\$ (1,450,310)	\$ 32,207,184

Depreciation expense for the year ended June 30, 2015, was \$5,388,083.

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.

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

During the fiscal year ended June 30, 2015, the Authority received funds of \$2,860,237 for the Martinez bus stop project and rolling stock replacement, and interest of \$20,316 from the State’s PTMISEA account for rolling stock replacement and the Martinez bus stop project. As of June 30, 2015, there were \$408,654 of expenses incurred related to the Martinez bus stop and the transportation center at Pacheco. The remaining proceeds of \$9,629,937, which includes accrued interest, was deferred as shown in the schedule below. Qualifying expenses must be encumbered within three years from the date of the allocation and expended within three years from the date of the encumbrance.

Advances from PTMISEA, beginning of year	\$ 7,158,038
Proposition 1B (PTMISEA) funds allocated	2,860,237
Proposition 1B (PTMISEA) interest earned	20,316
Proposition 1B (PTMISEA) expenses	<u>(408,654)</u>
 Advances from PTMISEA, end of year	 <u>\$ 9,629,937</u>

NOTE 7 – EMPLOYEES’ RETIREMENT PENSION PLAN

A. General Information about the Pension Plan

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

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

The Plan’s provisions and benefits in effect at June 30, 2015, are summarized as follows:

Hire Date	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Benefit Formula	2% @60	2% @62
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	50	52
Monthly Benefits, as a Percentage of Eligible Compensation	1.092%-2.418%	1.000%-2.500%
Required Employee Contribution Rates	7.000%	6.750%
Required Employer Contribution Rates	7.105%	7.105%

NOTE 7 – EMPLOYEES’ RETIREMENT PENSION PLAN

A. General Information about the Pension Plan (Continued)

Employees Covered – At June 30, 2015, the following employees were covered by the benefit terms for the Plan as of the June 30, 2013, actuarial valuation:

	<u>Miscellaneous</u>
Inactive Employees or Beneficiaries Currently Receiving Benefits	155
Inactive Employees Entitled to but not yet Receiving Benefits	127
Active Employees	<u>245</u>
 Total	 <u><u>527</u></u>

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the average active employee contribution rate is 6.998 percent of annual pay, and the employer’s contribution rate is 7.321 percent of annual payroll. Employer contribution rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

B. Net Pension Liability

The Authority’s net pension liability for the Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013, rolled forward to June 30, 2014, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

NOTE 7 – EMPLOYEES’ RETIREMENT PENSION PLAN

B. Net Pension Liability (Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	
Valuation Date	June 30, 2013	
Measurement Date	June 30, 2014	
Actuarial Cost Method	Entry Age Normal	
Actuarial Assumptions:		
Discount Rate	7.50%	
Inflation	2.75%	
Projected Salary Increase	Varies	(1)
Investment Rate of Return	7.50%	(2)
Mortality	Derived using CalPERS' Membership Data for all funds.	(3)
Post Retirement Benefit Increase	Contract cost of living adjustment (COLA) up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.	

(1) Depending on age, service, and type of employment.

(2) Net of pension plan investment expenses and administrative expenses, including inflation.

(3) The mortality table used was developed based on CalPERS’ specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report from CalPERS.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website under Forms and Publications.

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained from the CalPERS website under the GASB Statement No. 68 section.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require the CalPERS’ Board to take action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB Statements No. 67 and No. 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as it has changed its methodology.

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

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds’ asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ^(a)	Real Return Years 11+ ^(b)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	(0.55)%	(1.05)%
Total	100.00%		

^(a) An expected inflation of 2.5% used for this period.

^(b) An expected inflation of 3.0% used for this period.

NOTE 7 – EMPLOYEES’ RETIREMENT PENSION PLAN (Continued)

C. Changes in the Net Pension Liability

The changes in the net pension liability are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2013 (Valuation Date)*	\$ 72,461,232	\$ 65,976,579	\$ 6,484,653
Changes in the year:			
Service Cost	1,994,470	-	1,994,470
Interest on the Total Pension Liability	5,409,869	-	5,409,869
Differences between Actual and Expected Experience	-	-	-
Changes in Assumptions	-	-	-
Changes in Benefit Terms	-	-	-
Contribution - Employer	-	917,689	(917,689)
Contribution - Employee (Paid by Employer)	-	509,838	(509,838)
Contribution - Employee	-	447,265	(447,265)
Net Investment Income**	-	11,507,514	(11,507,514)
Benefit Payments, Including Refunds of Employee Contributions	(2,653,773)	(2,653,773)	-
Net Changes during 2013-14	4,750,566	10,728,533	(5,977,967)
Balance at June 30, 2014 (Measurement Date)*	\$ 77,211,798	\$ 76,705,112	\$ 506,686

* The Plan fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance, and other post-employment benefits (OPEB) expense. This may differ from the plan assets reported in the funding actuarial valuation report.

** Net of administrative expenses.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the Authority’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent) or one percentage point higher (8.50 percent) than the current rate:

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Plan's Net Pension Liability/(Asset)	\$ 10,915,672	\$ 506,686	\$ (8,157,342)

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

NOTE 7 – EMPLOYEES’ RETIREMENT PENSION PLAN (Continued)

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the Authority recognized a pension expense of \$734,126. At June 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 1,547,445	\$ -
Differences between Actual and Expected Experience	-	-
Changes in Assumptions	-	-
Net Differences between Projected and Actual Earnings on Plan Investments	-	(5,284,566)
Total	\$ 1,547,445	\$ (5,284,566)

\$1,547,445 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2015	\$ (1,321,142)
2016	(1,321,142)
2017	(1,321,142)
2018	(1,321,140)
Total	\$ (5,284,566)

E. Payable to the Pension Plan

At June 30, 2015, the Authority reported a payable of \$73,684 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

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 \$450,697 at June 30, 2015, 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 34 members consisting of 23 municipalities, 10 joint powers authorities, and 1 special district. The Authority is self-insured up to \$250,000 per occurrence. Claims between \$250,000 and \$5,000,000 are covered by LAWCX. The Authority pays an annual premium to the pool. LAWCX 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. CSAC-EIA is a member-directed risk sharing pool of counties and public entities committed to providing risk coverage programs and risk management services.

The Authority makes payments to LAWCX on the actuarial estimates of the amounts needed to pay prior year and current year claims. The claims liability of \$1,104,484 at June 30, 2015, 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, 2015, this fund, including accrued interest, totaled \$1,444,809.

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, 2015, totaled \$450,697, and for the workers' compensation totaled \$1,104,484.

NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITSPlan Description

The Authority's Healthcare Insurance Benefits Program is a defined benefit post-employment healthcare plan in which retirees are eligible to participate. Benefits are provided through the CalPERS Health Benefits Program for all administrative employees and transit operators who retire from the Authority at or after age 50 with at least 5 years of service. As of June 30, 2015, the Authority had 50 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 2014-15, the Authority's annual OPEB cost was \$502,513. The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2015, were as follows:

	<u>2015</u>
Annual required contribution	\$ 502,514
Interest on net OPEB obligation	182
Adjustments to annual required contribution	<u>(183)</u>
Annual OPEB cost	502,513
Contributions made	<u>(514,384)</u>
Change in net OPEB obligation (asset)	(11,871)
Net OPEB obligation (asset) - beginning of year	<u>4,368</u>
Net OPEB obligation (asset) - end of year	<u><u>\$ (7,503)</u></u>

The Authority's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year 2014-15 and the two preceding years are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>Actual</u> <u>Employer</u> <u>Contributions</u>	<u>Percentage of</u> <u>Annual OPEB Cost</u> <u>Contributed</u>	<u>Net Ending</u> <u>OPEB</u> <u>Obligation (Asset)</u>
2013	\$ 343,984	\$ 343,984	100.00%	\$ 3,209
2014	485,538	484,379	99.76%	4,368
2015	502,513	514,384	102.36%	(7,503)

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

The Authority's required contribution for 2014-15 was based on fully funded financing requirements. For fiscal year 2014-15, the Authority contributed \$514,384 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 ARC 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 CalPERS 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 UAAL 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. The Authority made the \$150,000 payment and was reflected in the June 30, 2013 year-end.

NOTE 12 – CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities at June 30, 2015, follows:

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015	Due Within One Year
Self-Insurance Liabilities	\$ 1,440,444	\$ 1,128,158	\$ 1,013,421	\$ 1,555,181	\$ 911,379
Compensated Absences	1,202,054	913,605	1,067,685	1,047,974	1,015,022
OPEB Asset	4,368	514,384	526,255	(7,503)	-
Totals	<u>\$ 2,646,866</u>	<u>\$ 2,556,147</u>	<u>\$ 2,607,361</u>	<u>\$ 2,595,652</u>	<u>\$ 1,926,401</u>

NOTE 13 – TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS

The Authority received TDA funds under Articles 4 and 4.5 (two subsections: 99260(a) and 99275) of the California Public Utilities Code for the fiscal year ended June 30, 2015. 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 expenses, and portion to be returned to the County's LTF as of the fiscal year ended June 30 follows:

LTF Allocations for Public Transportation Services:	
99260(a)	\$ 16,826,006
Less: applicable expenses	<u>(14,376,482)</u>
Unused portion to revert back to (balance due from) the County's LTF (Current Year and Prior Year)	<u>2,449,524</u>
Prior year unused portion not returned	<u>416,196</u>
Total Unused Portion to Revert Back to the County's LTF	<u>2,865,720</u>
LTF Allocations for Community Transit Services:	
99275 and 99260(a)	766,150
Less: applicable expenses	<u>(766,150)</u>
Unused portion to revert back to the County's LTF	<u>-</u>
Total Due Back to the County's LTF	<u>2,865,720</u>
Due Back (From) MTC	<u>-</u>
Net Due Back to the County's LTF	<u><u>\$ 2,865,720</u></u>

NOTE 14 – EMPLOYEE BENEFITS – DEFERRED COMPENSATION PLAN

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

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

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

NOTE 15 – PRIOR PERIOD ADJUSTMENT

Net position, as previously reported	\$ 36,204,071
Incorporate net pension liability and related items at June 30, 2013, per the actuarial valuation to comply with GASB Statement No. 68	<u>(5,057,126)</u>
Net position, as restated	<u><u>\$ 31,146,945</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
DURING THE MEASUREMENT PERIOD
AS OF JUNE 30, 2014
LAST 10 YEARS***

Measurement Period	<u>2013-14</u>
Total Pension Liability	
Service Cost	\$ 1,994,470
Interest on Total Pension Liability	5,409,869
Differences between Expected and Actual Experience	-
Changes in Assumptions	-
Changes in Benefits	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(2,653,773)</u>
Net Change in Total Pension Liability	4,750,566
Total Pension Liability - Beginning	<u>72,461,232</u>
Total Pension Liability - Ending (a)	<u><u>\$ 77,211,798</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 917,689
Contributions - Employee (Paid by Employer)	509,838
Contributions - Employee	447,265
Net Investment Income**	11,507,514
Benefit Payments	<u>(2,653,773)</u>
Net Change in Plan Fiduciary Net Position	10,728,533
Plan Fiduciary Net Position - Beginning	<u>65,976,579</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 76,705,112</u></u>
Net Pension Liability - Ending [(a) - (b)]	<u><u>\$ 506,686</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	99.34%
Covered-Employee Payroll	\$ 13,553,073
Net Pension Liability as a Percentage of Covered-Employee Payroll	3.74%

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
DURING THE MEASUREMENT PERIOD (Continued)
AS OF JUNE 30, 2014
LAST 10 YEARS*

Notes to Schedule:

* Fiscal year 2015 was the 1st year of implementation; therefore, only one year is shown.

** Net investment income is net of administrative expenses.

Benefit changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions: There were no changes in assumptions

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CONTRIBUTIONS
AS OF JUNE 30, 2014
LAST 10 YEARS***

	Fiscal Year 2013-2014
Actuarially Determined Contributions	\$ 917,689
Contributions in Relation to the Actuarially Determined Contributions	917,689
Contribution Deficiency (Excess)	\$ -
Covered-Employee Payroll**	\$ 13,553,073
Contributions as a Percentage of Covered- Employee Payroll	6.77%

Notes to Schedule:

* Fiscal year 2015 was the 1st year of implementation; therefore, only one year is shown.

** Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. Payroll from prior year \$13,158,323 was assumed to increase by the 3.00 percent payroll growth assumption.

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-14 were from the June 30, 2011 valuation.

Valuation date: June 30, 2011

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization method	Level percent of payroll
Average remaining amortization period	23 years as of valuation date
Asset valuation method	15 year smoothed market
Inflation	2.75%
Projected salary increases	3.30% to 14.20% depending on age, service, and type of employment.
Payroll growth	3.00%
Investment rate of return	7.50% (net of administrative expenses)
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
SCHEDULE OF FUNDING PROGRESS
POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS
JUNE 30, 2015**

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, 2015**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Expenditures</u>
U.S. DEPARTMENT OF TRANSPORTATION		
Direct Programs:		
Federal Transit Administration (FTA)		
Capital and Operating Assistance Grants	20.507	
Grant CA-04-0250-00 - Capital and Operating		\$ 285,287
Grant CA-90-Y985-00 - Capital and Operating		553,539
Grant CA-90-Z065-00 - Capital and Operating		1,036,841
Grant CA-95-X304-00 - Capital and Operating		31,160
Grant CA-90-Z212-00 - Capital and Operating		283,836
Grant CA-57-X113-00 - Capital and Operating		47,776
Grant CA-90-Z279-00 - Capital and Operating		<u>888,113</u>
Total FTA Capital and Operating Assistance Grants		<u>3,126,552</u>
Total FTA Grants		<u>\$ 3,126,552</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, 2015**

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 COMPLIANCE OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH THE STATUTES,
RULES, AND REGULATIONS OF THE CALIFORNIA TRANSPORTATION
DEVELOPMENT ACT AND THE ALLOCATION INSTRUCTIONS AND
RESOLUTIONS OF THE TRANSPORTATION COMMISSION**

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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the statutes, rules, and regulations of the California Transportation Development Act; and the allocation instructions and resolutions of the Transportation Commission, the basic financial statements of the Central Contra Costa Transit Authority (the Authority) as of and for the fiscal year ended June 30, 2015, and have issued our report thereon dated _____, 2015.

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 testing of 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.

DRAFT

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
_____, 2015

**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, 2015, and related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated _____, 2015.

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*.

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, 2015, the Authority applied for and received proceeds of \$2,860,237, and interest of \$20,316 from the State’s PTMISEA account for rolling stock replacement and the Martinez bus stop project. As of June 30, 2015, there were \$408,654 of expenses for construction at a transportation center at Pacheco and the Martinez bus stop. As of June 30, 2015, PTMISEA funds received and expended were verified in the course of our audit as follows:

Balance – beginning of the year	\$ 7,158,038
Proceeds received:	
PTMISEA	2,860,237
Interest earned	20,316
Expenses incurred:	
Pacheco transportation center and Martinez bus stop	<u>(408,654)</u>
Unexpended proceeds, June 30, 2015	<u><u>\$ 9,629,937</u></u>

Purpose of this Report

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Bakersfield, California
_____, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE 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, 2015. 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, 2015.

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
_____, 2015

FINDINGS AND QUESTIONED COSTS SECTION

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015**

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?	Yes

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, 2014) Findings and Current Year Status

None.

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, 2015. 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 Office of Management and Budget (OMB) Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 17, 2015. 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 Governmental Accounting Standards Board (GASB) Statements No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

We evaluated the key factors and assumptions used to develop the accounting estimates used in determining that they are reasonable in relation to the 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 disclosures of capital assets, employees' retirement pension plan and the net pension liability, self-insurance liability, and the liability for post-employment benefits other than pension benefits in Notes 5, 7, 8, and 11, respectively, of the financial statements.

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. There were no such misstatements.

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 _____, 2015.

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), Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Contributions, 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 accompanies the financial statements but is 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.

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
_____, 2015

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

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

In planning and performing our audit of the financial statements of Central Contra Costa Transit Authority (the Authority), we considered its internal control structure over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. We did not identify any deficiencies in internal control that we considered to be material weaknesses.

However, during our audit we became aware of one matter that is an opportunity for strengthening internal controls and operating efficiency. The recommendation that is listed in this report 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 Conditions and Recommendations

Agreed Upon Condition 1 – Paratransit Cash Receipts

We tested a sample of 40 cash receipts, including a sample of Paratransit cash receipts, which are managed by a third party company, Link. We noted 6 of the 8 Paratransit cash receipts were missing a second signature on the reconciliation indicating review and approval. These reconciliations are provided to the Authority, however, the Authority has not questioned the missing second signature. In discussions with Link management, there is a policy requiring reconciliations be signed by a second individual, however, the policy was not being followed.

Recommendation

We recommend the Authority obtain an understanding of the controls Link has in place relating to sales, collections, counting, and reconciliations of Paratransit cash receipts. We also recommend the Authority have more oversight and review these controls periodically to ensure they are being followed.

Management Response

Recently, the Authority instituted the following to tighten controls over the services provided by Link, the third party service provider:

- A camera was installed with recording capabilities.
- A safe was purchased, which has significantly reduced the risk of unauthorized access to cash.
- The Authority implemented a process whereby accounting staff receive the farebox cash count sheets with a copy of the deposit slip stapled to trace to the bank deposits and to the monthly reconciliation sheet.
- The accounting manager reviews the monthly reconciliation sheet to trace to the bank statement and also on a random basis adds up a number of the daily cash sheets to make sure they tie to the reconciliation sheet and the bank statement.

The Authority will implement a process to review the procedures of the third party service provider periodically as suggested in the audit recommendation.

Status of Prior Year Conditions and Recommendations

Agreed Upon Condition 1 – Information Security Policy

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.

Current Year Status

The Authority implemented an electronic media policy requiring all employees to sign acknowledging that they have read and understand the Authority's IT policy when using the Authority's computers.

DRAFT

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
_____, 2015

To: A&F Committee

Date: November 23, 2015

From: Lisa Rettig
Senior Manager of Human Resources

Subject: Paid Sick Leave for
Unrepresented Part-Time Employees

SUMMARY OF ISSUES:

The California Healthy Workplaces, Healthy Families Act of 2014 (AB 1522) requires employers to provide paid sick leave to employees. Certain employees are exempt from this act. These employees include employees covered by a collective bargaining agreement, certain individuals employed by air craft carriers and employees of the California In-Home Supportive Services Program.

CCCTA currently provides paid sick leave to unrepresented full-time employees at the rate of 12 days per year. After consulting with legal council, under this law CCCTA must provide paid sick leave to unrepresented part-time employees. Beginning on July 1, 2015 part-time employees must be provided paid sick leave at the rate of one hour for every 30 hours worked with an accrual cap of 48 hours (or six days).

Of CCCTA's 3 unions, the ATU has provided notice that they disagree completely that employees covered by a collective bargaining agreement are exempt from the requirements of AB 1522. This is not the opinion of our legal council, Hanson and Bridgett.

FINANCIAL IMPLICATIONS:

The number of unrepresented part-time employees has fluctuated over the years between 0 and 10 employees. CCCTA currently has 2 unrepresented part-time employees. The cost to provide this benefit to the current part-time employees is approximately \$2050.00 a year.

REQUESTED ACTION:

Recommend that the Board of Directors adopt a resolution authorizing the General Manager to provide paid sick leave to unrepresented part-time employees at the rate of 1 hour for every 30 hours worked up to a maximum of 48 hours per year.

County Connection

INTER OFFICE MEMO

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

Date: November 23, 2015

SUBJECT: Income Statements for the Three Months Ended September 30, 2015

The attached unaudited Income Statements for the three months of FY 2016 are presented for your review. The combined actual expenses, Fixed Route and Paratransit, (Schedule 1), **are 10.2% under the year-to-date budget (\$892,823). The expense categories with the most significant variances are:**

Wages	\$ 81,320	2.7%	Wage increases for FY 2016 were not included in this category but have been included in total operating expenses (including the contingency).
Fringe benefits	\$(133,727)	(5.9)%	Benefits are under budget mainly because of paid absences (\$60K) and various other categories.
Services	\$(78,964)	(13.9)%	Services are under mainly due to outside service repairs (\$38K), and legal, (\$30K)
Materials & Supplies	\$(341,150)	(38.2)%	Materials and supplies are lower mainly due to diesel fuel (\$237K) and various other maintenance expenses.

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 11.8% 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	\$(56,594)	(4.6)%	Fixed route passenger fares/special fares are (\$35K) lower than projected and Paratransit fares are (\$21K) lower than projected. Compared to the same period in the prior year, Fixed route is (\$31K) lower and Paratransit is (\$1K) lower. It is very probable that the budget for FY 2016 is overstated.
Federal operating	\$ 176,051	47.2%	Federal operating is more than budgeted due a conversion to operating revenue of unspent grant money for the last bus purchase.
TDA revenue earned	\$(974,538)	(22.2)%	TDA revenue is lower due to lower than expected expenses.
Other Operating assistance	\$(101,672)	(21.6)%	Other operating assistance is lower mainly due to timing of receipts and implementation of certain projects.

Fixed Route Operator Wages (Schedule 4)

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

- Platform (work time) is 2.5% over budget.
- Overtime is 17.9% under budget.
- Training is 52.7% over budget.
- Overall wages for operators are 2.7% over 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% less than FY 2015 and about the same as FY 2014.
- The farebox recovery ratio is more compared to FY 2015 and FY 2014. The ratio is 15.9% in FY 2016; 15.6% in FY 2015 and 15.2% in FY 2014.
- Operating expenses are 4.5% less than in FY 2015 and 4.6% less than in FY 2014.
- Fixed route revenue hours are 1.3% more than FY 2015 and 3.8% more than FY 2014.
- The cost per revenue hour has decreased 5.7% compared to FY 2015 and 8% compared to FY 2014.
- Passengers have increase 2.9% compared to FY 2015 and 14.1% compared to FY 2014. Much of the large increase from FY 2014 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. The factor for FY 2016 passenger raw data increased only slightly- from .9399 in FY 2015 to .9654 in FY 2016
- The cost per passenger has decreased 7.2% compared to FY 2015 and 16.3% compared to FY 2014.
- Passengers per revenue hour have increased 1.6% compared to FY 2014 and 9.9% compared to FY 2013.

Paratransit:

- Passenger fares have decreased .8% compared to FY 2015 and increased 14.3% compared to FY 2014.
- The farebox ratio is less than FY 2015 and more than FY 2014. The ratio is 10.4% in FY 2016; 10.8% in FY 2015; and 9.1% in FY 2014.
- Expenses have increased 2.7% compared to the prior year and decreased .2% compared to FY 2014.
- Revenue hours are 1.5% more than FY 2015 and 1.6% more than FY 2014.
- Passengers have decreased .7% compared to FY 2015 and decreased 2.2% compared to FY 2014.
- The cost per passenger has increased 3.5% since FY 2015 and 2% compared to FY 2014.
- Paratransit passengers per revenue hour have decreased 4.3% compared to FY 2015 and decreased 3.8% compared to FY 2014.

CENTRAL CONTRA COSTA TRANSIT AUTHORITY

FY 2016 Year to Date Comparison of Actual vs Budget Combined Fixed Route and Paratransit Income Statement For the Three Months Ended September 30, 2015

	Actual	Budget	Variance	% Variance
Revenues				
Passenger fares	\$ 833,108	\$ 887,879	\$ (54,771)	-6.2%
Special fares	346,575	348,398	(1,823)	-0.5%
	1,179,683	1,236,277	(56,594)	-4.6%
Advertising	143,750	154,275	(10,525)	-6.8%
Safe Harbor lease	1,185	1,250	(65)	-5.2%
Other revenue	79,016	26,275	52,741	200.7%
Federal operating	549,183	373,132	176,051	47.2%
TDA earned revenue	3,407,751	4,382,289	(974,538)	-22.2%
STA revenue	722,568	720,911	1,657	0.2%
Measure J	1,430,152	1,410,030	20,122	1.4%
Other operating assistance	369,177	470,849	(101,672)	-21.6%
	6,702,782	7,539,011	(836,230)	-11.1%
Total Revenue	\$ 7,882,465	\$ 8,775,288	\$ (892,823)	-10.2%
Expenses				
Wages- Operators	\$ 1,803,527	\$ 1,756,221	\$ 47,306	2.7%
Wages-Other	1,306,734	1,272,720	34,014	2.7%
	3,110,261	3,028,941	81,320	2.7%
Fringe Benefits	2,116,072	2,249,799	(133,727)	-5.9%
Services	489,859	568,823	(78,964)	-13.9%
Materials & Supplies	551,875	893,025	(341,150)	-38.2%
Utilities	86,754	85,825	929	1.1%
Insurance	138,901	141,965	(3,064)	-2.2%
Taxes	23,362	71,350	(47,988)	-67.3%
Leases and Rentals	10,021	10,500	(479)	-4.6%
Miscellaneous	60,531	46,085	14,446	31.3%
Special Trip Services	1,294,829	1,347,376	(52,547)	-3.9%
Operations	7,882,465	8,443,689	(561,224)	-6.6%
Contingency Reserve	0	331,599	(331,599)	-100.0%
Total Expenses	\$ 7,882,465	\$ 8,775,288	\$ (892,823)	-10.2%
Net Income (Loss)	\$ -	\$ -	\$ -	
Revenue Hours	74,338	74,815	(477)	-0.6%
Cost per Rev Hr	\$ 105.90	\$ 117.15	\$ (11.25)	-9.6%
Passengers	952,565	895,184	57,381	6.4%
Cost per Passenger	\$ 8.27	\$ 9.80	\$ (1.53)	-15.6%
Farebox ratio	15.0%	14.1%	0.9%	6.2%
<i>(fares,spec fares/Oper exp-w/o contingency-leases)</i>				

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
FY 2016 Year to Date Comparison of Actual vs Budget
Fixed Route Income Statement
For the Three Months Ended September 30, 2015

	Actual	Budget	Variance	% Variance
Revenues				
Passenger fares	\$ 694,596	\$ 727,949	\$ (33,353)	-4.6%
Special fares	346,575	348,398	(1,823)	-0.5%
	<hr/> 1,041,171	<hr/> 1,076,347	<hr/> (35,176)	<hr/> -3.3%
Advertising	\$ 143,750	154,275	(10,525)	-6.8%
Safe Harbor lease	1,185	1,250	(65)	-5.2%
Other revenue	79,016	26,250	52,766	201.0%
Federal operating	21,188	13,300	7,888	
TDA earned revenue	3,200,330	4,174,868	(974,538)	-23.3%
STA revenue	634,940	501,190	133,750	26.7%
Measure J	1,075,360	1,053,030	22,330	2.1%
Other operating assistance	357,163	426,481	(69,318)	-16.3%
	<hr/> 5,512,932	<hr/> 6,350,643	<hr/> (837,711)	<hr/> -13.2%
Total Revenue	\$ 6,554,103	\$ 7,426,990	\$ (872,887)	-11.8%
Expenses				
Wages- Operators	\$ 1,803,527	\$ 1,756,221	\$ 47,306	2.7%
Wages-Other	1,279,028	1,249,612	29,416	2.4%
	<hr/> 3,082,555	<hr/> 3,005,833	<hr/> 76,722	<hr/> 2.6%
Fringe Benefits	2,102,262	2,234,251	(131,989)	-5.9%
Services	487,364	565,993	(78,629)	-13.9%
Materials & Supplies	551,875	892,175	(340,300)	-38.1%
Utilities	78,576	80,625	(2,049)	-2.5%
Insurance	138,901	141,965	(3,064)	-2.2%
Taxes	23,362	71,250	(47,888)	-67.2%
Leases and Rentals	10,021	10,500	(479)	-4.6%
Miscellaneous	60,531	45,850	14,681	32.0%
Purchased Transportation	18,656	46,949	(28,293)	-60.3%
Operations	6,554,103	7,095,391	(541,288)	-7.6%
Contingency Reserve		331,599	(331,599)	
Total Expenses	\$ 6,554,103	\$ 7,426,990	\$ (872,887)	-11.8%
Net Income (Loss)	\$ -	\$ -		
Revenue Hours	55,255	55,303	(48)	-0.1%
Cost per Rev Hr	\$ 118.43	\$ 134.11	(15.67)	-11.7%
Passengers	915,922	856,891	59,031	6.9%
Cost per Passenger	\$ 7.16	\$ 8.67	(1.51)	-17.4%
Passengers per Rev Hr	16.58	15.49	1.08	7.0%
Farebox recovery ratio	15.9%	15.2%	0.7%	4.7%

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

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
Paratransit Income Statement
FY 2016 Year to Date Comparison of Actual vs Budget
For the Three Months Ended September 30, 2015

	Actual		Budget		Variance		% Variance
Revenues							
Passenger fares	\$ 138,512	\$	159,930	\$	(21,418)		-13.4%
	138,512		159,930		(21,418)		-13.4%
Advertising			-		-		
Other revenue			25		(25)		-100.0%
Federal operating	527,995		359,832		168,163		46.7%
TDA earned revenue	207,421		207,421		-		0.0%
STA revenue	87,628		219,722		(132,095)		-60.1%
Measure J	354,792		357,000		(2,208)		-0.6%
Other operating assistance	12,014		44,369		(32,355)		-72.9%
	1,189,850		1,188,369		1,481		0.1%
Total Revenue	\$ 1,328,362	\$	1,348,299	\$	(19,937)		-1.5%
Expenses							
Wages- Operators				\$	-		0.0%
Wages-Other	\$ 27,706	\$	23,108	\$	4,598		19.9%
	27,706		23,108		4,598		19.9%
Fringe Benefits	13,810		15,548		(1,738)		-11.2%
Services	2,495		2,830		(335)		-11.8%
Materials & Supplies			850		(850)		-100.0%
Utilities	8,178		5,200		2,978		57.3%
Taxes			100		(100)		-100.0%
Miscellaneous			235		(235)		-100.0%
Special Trip Services	1,276,173		1,300,428		(24,255)		-1.9%
Total Expenses	\$ 1,328,362	\$	1,348,299	\$	(19,937)		-1.5%
Net Income (Loss)	\$ -	\$	-	\$	-		
Revenue Hours	19,083		19,513		(430)		-2.2%
Cost per Rev Hr	\$ 69.61	\$	69.10	\$	0.51		0.7%
Passengers	36,643		38,294		(1,651)		-4.3%
Cost per Passenger	\$ 36.25	\$	35.21	\$	1.04		3.0%
Passengers per Rev Hr	1.92		1.96		(0.04)		-2.2%
Farebox ratio	10.4%		11.9%		-1.4%		-12.1%
<i>(fares, spec fares/Oper exp-leases)</i>							

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
Operator Wages
For the Three Months Ended September 30, 2015

	Actual	Year to Date Budget	Variance	% Variance
Platform/report/turn in	1,427,793 \$	1,392,412 \$	35,380	2.5%
Guarantees	81,739 \$	84,972	(3,233)	-3.8%
Overtime	55,739 \$	67,905	(12,166)	-17.9%
Spread	38,911 \$	36,534	2,377	6.5%
Protection	71,382 \$	68,592	2,790	4.1%
Travel	49,309 \$	50,074	(765)	-1.5%
Training	68,842 \$	45,076	23,767	52.7%
Other Misc	9,812 \$	10,655	(844)	-7.9%
	\$ 1,803,527	\$ 1,756,221	\$ 47,306	2.7%

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
Other Revenue; Other Operating Assistance; Miscellaneous Expenses
For the Three Months Ended September 30, 2015

Other Revenue	
Investment income (interest)	\$ 2,273
ADA Database Management revenue	75,000
Paypal Shipping revenue	544
RTC card revenue	594
Accounts payable discount	10
Various	595
	\$ 79,016
Other Operating Assistance	
RM2	\$ 24,224
Caltrans planning grant	14,014
BART feeder revenue	184,925
ADA BART	12,014
	\$ 235,177
Miscellaneous Expenses	
Board Travel Expense	\$ 8,579
Staff Travel Expense	\$ 43,657
APTA Dues	
Employee functions	\$ 4,969
Employee Awards/pins	\$ 731
Paypal fees	\$ 1,081
Training	\$ 604
Various other	\$ 910
	\$ 60,531

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
FY 2016 Year to Date Comparison of FY 2015 Actual & FY 2014 Actual
Statistics

For the Three Months Ended September 30, 2015

	Actual FY2016	Actual FY2015	Variance Actual 2016 to Actual 2015	Actual FY2014	Variance Actual 2016 to Actual 2014
Fixed Route					
Fares	\$ 694,596	\$ 741,900	-6.4%	\$ 794,254	-12.5%
Special Fares	346,575	329,837	5.1%	246,920	40.4%
Total Fares	\$ 1,041,171	\$ 1,071,737	-2.9%	\$ 1,041,174	0.0%
<i>Fares box recovery ratio</i>	15.9%	15.6%	1.7%	15.2%	4.8%
Operating Exp (Less leases)	\$ 6,544,082	\$ 6,852,674	-4.5%	\$ 6,856,346	-4.6%
<i>Revenue Hours</i>	55,255	54,562	1.3%	53,237	3.8%
<i>Cost per Rev Hour</i>	\$ 118.43	\$ 125.59	-5.7%	\$ 128.79	-8.0%
<i>Passengers</i>	915,922	890,053	2.9%	803,030	14.1%
<i>Cost per Passenger</i>	\$ 7.14	\$ 7.70	-7.2%	\$ 8.54	-16.3%
<i>Passengers per Rev Hr</i>	16.58	16.31	1.6%	15.08	9.9%

Paratransit

Fares	\$ 138,512	\$ 139,572	-0.8%	\$ 121,171	14.3%
<i>Fares box recovery ratio</i>	10.4%	10.8%	-3.4%	9.1%	14.5%
Operating Exp (Less leases)	\$ 1,328,362	\$ 1,292,860	2.7%	\$ 1,330,877	-0.2%
<i>Revenue Hours</i>	19,083	18,803	1.5%	18,774	1.6%
<i>Cost per Rev Hour</i>	\$ 69.61	\$ 68.76	1.2%	\$ 70.89	-1.8%
<i>Passengers</i>	36,643	36,916	-0.7%	37,456	-2.2%
<i>Cost per Passenger</i>	\$ 36.25	\$ 35.02	3.5%	\$ 35.53	2.0%
<i>Passengers per Rev Hr</i>	1.92	1.96	-4.3%	2.00	-3.8%

County Connection

INTER OFFICE MEMO

TO: A & F Committee

DATE: November 25, 2015

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, 2015.

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 GL *
				MARCH 2015	JUNE 2015	SEPT 2015	SEPT 2015	
FIXED ROUTE								
UNION BANK	274-00-26650	CHECKING	AP GENERAL	\$ 1,381,623	\$ 665,390	\$ 196,345	\$ 55,928	
UNION BANK	274-00-26693	CHECKING	PAYROLL	\$ 113,210	\$ 30,094	\$ 70,490	\$ 75,272	
UNION BANK	274-00-26723	CHECKING	CAPITAL PURCHASES	\$ 27,876	\$ 225,720	\$ 262,405	\$ 169,218	
UNION BANK	274-00-26715	CHECKING	WORKERS COMP-CORVEL	\$ 31,847	\$ 60,639	\$ 31,289	\$ 24,444	
UNION BANK	274-00-26685	CHECKING	PASS SALES	\$ 141,016	\$ 41,782	\$ 99,873	\$ 101,762	
UNION BANK	274-00-26707	Money Market	INFO TRANSIT SYS MAINTENANCE-CLEVER DEV	\$ 116,932	\$ 116,932	\$ 1	\$ 1	
PAYPAL	27SAXUUF19732	CHECKING	PAYPAL-PASS SALES	\$ 14,015	\$ 7,655	\$ 4,130	\$ 4,130	
PARATRANSIT			TOTAL	\$ 1,826,519	\$ 1,148,212	\$ 664,533	\$ 430,755	
UNION BANK	274-00-26669	CHECKING	AP GENERAL	\$ 385,306	\$ 1,007,818	\$ 207,583	\$ 596,419	
LAIF FUND			TOTAL	\$ 385,306	\$ 1,007,818	\$ 207,583	\$ 596,419	
LAIF ACCOUNT	4007001	INT-INVEST	OPERATING FUNDS	\$ 5,013,131	\$ 1,286,419	\$ 6,266,504	\$ 6,266,504	
LAIF ACCOUNT		INT-INVEST	Pacheco Transit Center	\$ 285,538	\$ 285,721	\$ -	\$ -	
LAIF ACCOUNT		INT-INVEST	2014-15 ROLLING STOCK	\$ 5,648,692	\$ 5,675,393	\$ 5,957,322	\$ 5,957,322	
LAIF ACCOUNT		INT-INVEST	Lifeline Bus Stop Access	\$ -	\$ 255,194	\$ 255,195	\$ 255,195	
LAIF ACCOUNT		INT-INVEST	Facility Rehab	\$ 3,404,035	\$ 3,407,009	\$ 3,339,238	\$ 3,339,238	
LAIF ACCOUNT		INT-INVEST	SAFE HARBOR LEASE RESERVE	\$ 1,442,863	\$ 1,443,788	\$ 1,444,809	\$ 1,444,809	
CCCTA EMPLOYEE			TOTAL	\$ 15,794,259	\$ 12,353,524	\$ 17,263,068	\$ 17,263,068	
UNION BANK	274-00-26677	CHECKING	EMPLOYEE FITNESS FUND	\$ 11,695	\$ 12,562	\$ 7,813	\$ 7,813	
UNION BANK	274-00-26502	CHECKING	EMPLOYEE FUNCTION	\$ 355	\$ 505	\$ 505	\$ 505	
GRAND TOTAL				\$ 18,018,134	\$ 14,522,621	\$ 18,143,502	\$ 18,298,560	

*Per GL balances reduced by outstanding checks and increased by deposit in transit, if any.

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


 Rick Ramacier
 General Manager