

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

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

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2024**

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
JUNE 30, 2024**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Central Contra Costa Transit Authority (the Authority), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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, 2024, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority’s basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the statistical section but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

We have previously audited the Authority’s June 30, 2023, basic financial statements, and our report dated November 22, 2023, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2023, is consistent in all material respects, with the audited basic financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2024, 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 solely 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 effectiveness of the Authority’s 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 Authority’s internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION
Brown Armstrong
Accountancy Corporation

Stockton, California
October 25, 2024

CENTRAL CONTRA COSTA TRANSIT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024

Introduction

As management of the Central Contra Costa Transit Authority (County Connection or the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the basic 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 the Cities of Clayton, Concord, Lafayette, Martinez, Orinda, Pleasant Hill, San Ramon, and 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 a fleet of 125 fully accessible transit buses and 63 paratransit vehicles. The Authority has approximately 235 employees that consist of bus operators, bus supervisors, mechanics, maintenance, planning, executive, and administrative support. An independent contractor operates the paratransit service under a purchased transportation agreement. The Authority receives funds primarily from federal, state, and local taxes and grants, in addition to fares collected from passengers. 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 Basic 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 Basic Financial Statements.

The Statement of Net Position presents information on the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between assets and liabilities reported as net position. Over time, increases or decreases in net position can be an indication of whether the financial condition of the Authority is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the Authority's net position changed during the fiscal year. All changes in net position are recognized on an accrual basis, meaning they are recognized on the date the underlying event that gives rise to the change occurs, regardless of the timing of the related cash flows. The basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

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 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 expenses were for operating activities.

Financial Highlights

Operating revenues were \$6,168,618 while operating expenses were \$54,999,916 (see p. 7). The Authority funds most of its operating expenses with tax revenue and grants from federal, state, and local agencies.

While the Authority relies heavily on the Transportation Development Act (TDA) to fund its operational needs, TDA revenue is the Authority's revenue of "last resort," and the funds are claimed after all other non-discretionary revenue sources have been utilized. Any unused TDA revenue allocation is held by the Metropolitan Transportation Commission (MTC) and made available in future years. In April of 2024, the Board revised its policy on operating and capital reserves. The policy now allows for the transfer of discretionary revenues to a reserve account that is held by the Authority, separate from the TDA reserves held by MTC. While the reserves held by MTC are not reflected in the basic financial statements, the Authority's own capital and operating reserve discretionary funds are reflected as a portion of the unrestricted net position.

Statements of Net Position

A comparison of the Authority's Statements of Net Position as of June 30, 2024 and 2023, is as follows:

	2024	2023	2024 to 2023 Increase/Decrease	
			Amount	%
Current assets	\$ 26,950,919	\$ 43,278,488	\$ (16,327,569)	-38%
Noncurrent assets	49,448,332	47,573,463	1,874,869	4%
Total assets	76,399,251	90,851,951	(14,452,700)	-16%
Deferred outflows of resources	11,135,393	10,888,758	246,635	2%
Total assets and deferred outflows of resources	<u>\$ 87,534,644</u>	<u>\$ 101,740,709</u>	<u>\$ (14,206,065)</u>	-14%
Current liabilities	\$ 22,028,031	\$ 40,743,454	\$ (18,715,423)	-46%
Noncurrent liabilities	21,824,254	18,957,282	2,866,972	15%
Total liabilities	43,852,285	59,700,736	(15,848,451)	-27%
Deferred inflows of resources	1,409,858	1,803,901	(394,043)	-22%
Net position				
Net investment in capital assets	49,448,332	47,573,463	1,874,869	4%
Unrestricted net position	(7,175,831)	(7,337,391)	161,560	2%
Total net position	42,272,501	40,236,072	2,036,429	5%
Total liabilities, deferred inflows of resources, and net position	<u>\$ 87,534,644</u>	<u>\$ 101,740,709</u>	<u>\$ (14,206,065)</u>	-14%

The Authority's net position increased \$2,036,429 for a balance of \$42,272,501 as of June 30, 2024. A substantial portion of the Authority's total net position reflects its investment in capital assets. These assets are used to provide bus services to Central Contra Costa County residents and visitors. Consequently, these assets are not available for future spending. An additional portion of the Authority's net position represents changes in net pension and other post-employment benefit (OPEB) liabilities. The remainder of the Authority's net position is unrestricted and comprises the Authority's reserve account.

Statements of Revenues, Expenses, and Changes in Net Position

A high-level summary of the Authority's Statements of Revenues, Expenses, and Changes in Net Position for fiscal years 2024 and 2023 is shown in the following table:

	2024	2023	2024 to 2023 Increase/Decrease	
			Amount	%
Operating revenues	\$ 6,168,618	\$ 5,556,502	\$ 612,116	11%
Operating expenses	54,999,916	48,826,925	6,172,991	13%
Operating loss	(48,831,298)	(43,270,423)	5,560,875	13%
Nonoperating revenues	42,477,511	36,963,187	5,514,324	15%
Capital contributions	8,390,216	19,988,969	(11,598,753)	-58%
Increase (Decrease) in net position	2,036,429	13,681,733	(11,645,304)	85%
Total net position, beginning of year	40,236,072	26,554,339	13,681,733	52%
Total net position, end of year	\$ 42,272,501	\$ 40,236,072	\$ 2,036,429	5%

Due to the nature of public transit operations and how transactions are classified in accordance with GAAP, operating expenditures typically far exceed operating revenues. However, these operating revenues are supplemented by nonoperating revenues to complete the financial position.

Operating expenses include all expenditures incurred by the Authority, including depreciation expense and gains/losses on the pension and OPEB plans. The only expenditures not classified as "operating expenses" are expenditures made for capital asset acquisitions. In the year ended June 30, 2024, total operating expenses increased by \$6,172,991 or 13% as compared to the prior year. While increases in salaries and benefits, fuel, and purchased transportation costs contributed to this increase, those categories made up about 10% of the total. The remaining 3% of the increase in operating expenses as compared to the prior year is attributable to the effect of the recognition of investment losses in the California Public Employees Retirement System (CalPERS) portfolio (loss on pension assets).

Operating revenues are limited to those revenues which are directly generated from operating the transit service, such as passenger fares, or revenue received from contracts for services by other organizations. In the year ended June 30, 2024, operating revenues increased by \$612,116 or 11% over the prior year. Of this amount, fare revenue increased \$310,372. This is due to continued improvements in ridership in both fixed-route and paratransit services post-pandemic. Special transit fees made up the remainder of the increase to operating revenues with an increase of \$301,744. Most of this is attributable to increases in fees collected from the Livermore Amador Valley Transit Authority (LAVTA) to operate their paratransit service.

Nonoperating revenues consist of revenues not qualifying as operating revenue, such as taxes, grants (that are not equivalent to contracts for services), advertising, and interest revenue. In the year ended June 30, 2024, nonoperating revenue increased by \$5,514,324 or 15% over the prior year. Changes to nonoperating revenue from the prior year are as follows:

Nonoperating Revenues	2024	2023	2024 to 2023 Increase / (Decrease)	
			Amount	%
Federal operating assistance	\$ 5,582,329	\$ 8,342,650	\$ (2,760,321)	-33%
State and local operating assistance	35,168,645	27,818,081	7,350,564	26%
Advertising revenue	343,750	307,166	36,584	12%
Interest income	1,101,117	393,095	708,022	180%
Other revenue	81,870	102,093	(20,223)	-20%
Gain/(Loss) on disposal of capital assets	199,800	102	199,698	195782%
Total Nonoperating Revenues	\$ 42,477,511	\$ 36,963,187	\$ 5,514,324	15%

The largest nonoperating revenue category is state and local operating assistance in the amount of \$35,168,345 in the year ended June 30, 2024. Most of this revenue is provided through the TDA, which returns to the County ¼ cent of the sales tax collected in the County and provided \$15,568,190 in fiscal year (FY) 2024. The second largest source of state and local revenue is from Contra Costa Transportation Authority (CCTA) Measure J, a countywide ½ cent sales tax, from which the Authority received \$10,056,041. The third largest state revenue source is State Transit Assistance (STA), which is a sales tax on diesel fuel and provided \$7,699,494.

In addition to state and local assistance, the Authority received \$5,582,329 in federal operating assistance in the year ended June 30, 2024, which is a decrease of \$2,760,321 when compared to the prior year as the Authority claimed all remaining COVID relief funds in the fiscal year. This decrease was offset by increased use of TDA revenue and is reflected in the increase to state and local operating assistance.

Capital Assets

Details of the capital assets, including assets acquired under capital lease, net of accumulated depreciation as of June 30, 2024 and 2023, are as follows:

	2024	2023	2024 to 2023 Increase/(Decrease)	
			Amount	%
Land and land improvements	\$ 5,151,727	\$ 5,144,554	\$ 7,173	0%
Construction in process	21,793	18,859,147	(18,837,354)	-100%
Shop, office, other equipment, and service vehicles	5,475,277	5,886,032	(410,755)	-7%
Buildings and structures	22,001,767	21,986,300	15,467	0%
Revenue vehicles	80,438,335	74,624,775	5,813,560	8%
Total	113,088,899	126,500,808	(13,411,909)	-11%
Less accumulated depreciation	(63,640,567)	(78,927,345)	(15,286,778)	-19%
Net total	\$ 49,448,332	\$ 47,573,463	\$ 1,874,869	4%

The Authority's investment in capital assets amounted to \$49,448,332 as of June 30, 2024, which is an increase of \$1,874,869 or 4% over the prior year. This investment in capital assets includes vehicles, facilities, communication and data equipment, fare revenue collection equipment, furniture, and fixtures, less accumulated depreciation.

The most significant changes to the Authority's capital investments during the year were in revenue vehicles. The purchase of forty 40-foot diesel transit buses and associated equipment was completed during the fiscal year, paired with the retirement of forty 40-foot diesel transit buses that were purchased in 2009. The majority of the costs associated with this capital investment were recorded as construction in process in the year ended June 30, 2023.

Noncurrent Liabilities

At June 30, 2024, the Authority's noncurrent liabilities balance was \$21,824,254 compared to \$18,957,282 at June 30, 2023, primarily due to CalPERS investment return of 5.8% in the reporting period, which is less than the discount rate of 6.9% during the same period. When combined with increased service costs and assumption changes, this resulted in a net pension liability increase of \$2,516,084. Net OPEB liabilities and self-insurance liabilities decreased by \$651,812 and increased \$972,294 respectively. See Notes 7, 8, 11, and 12 in the basic financial statements for further details on each of these noncurrent liabilities.

Overall Financial Condition

The Authority operates within Contra Costa County, one of the nine counties in the San Francisco Bay Area. The economic condition of the Bay Area has stabilized post-COVID, with sales tax receipts remaining steady despite overall declines in population and unemployment rates that are lagging behind the national averages. Many transit systems in the Bay Area that operate community fixed route bus systems have seen stabilization in ridership and sales tax revenue. However, larger systems that primarily operate commuter rail and bus services such as the Bay Area Rapid Transit District (BART) and the San Francisco Municipal Transit Authority (SFMTA or "Muni") are experiencing profound fiscal sustainability challenges that have the potential to impact revenue distribution across the region.

The fiscal year ended June 30, 2024, was the second full year since the shelter-at-home orders were lifted, mask mandates were relaxed, and schools came back in person. The Authority's ridership has seen a steady increase, aided by systemwide and regionwide fare promotions. Overall, total fixed-route passengers increased by 9% from the prior fiscal year, and paratransit passengers increased by 14%. In general, the Authority has noted a shift in ridership patterns, with fewer commuters and increased demand on weekend and local-only routes. One fiscal consequence the Authority has encountered with the shift away from commute ridership is a significant reduction in funding from private partnerships such as Bishop Ranch.

The utilization of all remaining federal stimulus funds, combined with stable sales tax revenues during the pandemic, decreased the Authority's dependence on TDA funds in the near term. There are sufficient TDA reserves to sustain the Authority through fiscal year 2028 using current financial assumptions. Nevertheless, a structural deficit exists with expenses outpacing revenues, and the Authority faces inflationary pressures in all areas of operational expenses. This structural deficit, particularly when combined with fiscal sustainability challenges region-wide, presents a risk to the financial stability of the Authority. Without the aid of new ongoing funding assistance, the services the Authority can provide to the community will be forced to shrink to match available resources.

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 Amber Johnson, Chief Financial Officer, at 2477 Arnold Industrial Way, Concord, California 94520.

Respectfully submitted,



Amber Johnson
Chief Financial Officer

BASIC FINANCIAL STATEMENTS

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
STATEMENT OF NET POSITION
AS OF JUNE 30, 2024 (WITH COMPARATIVE TOTALS)**

	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 20,698,704	\$ 20,162,412
Capital and operating grants receivable	3,841,003	20,492,220
Materials and supplies	1,108,288	979,467
Other receivables	1,174,722	1,553,115
Prepaid expenses	128,202	91,274
Total Current Assets	26,950,919	43,278,488
Noncurrent Assets		
Capital assets (Note 5)	49,448,332	47,573,463
Total Noncurrent Assets	49,448,332	47,573,463
Total Assets	76,399,251	90,851,951
DEFERRED OUTFLOWS OF RESOURCES (Note 7 and Note 11)		
Other postemployment benefits (OPEB)	1,314,193	1,394,201
Defined benefit pension	9,821,200	9,494,557
Total Deferred Outflows of Resources	11,135,393	10,888,758
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 87,534,644	\$ 101,740,709
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 2,191,777	\$ 16,352,760
Due to other government, TDA payable (Note 13)	15,585,471	20,070,144
Advances from County of Alameda - STA (Note 6)	194,195	-
Advances from customers (Note 6)	50,273	50,273
Advances from LCTOP (Note 6)	209,924	256,600
Advances from MTC (Note 6)	849,821	794,939
Compensated absences (Note 12)	1,110,390	1,080,548
Other accrued liabilities	1,049,486	1,164,960
Self-insurance liabilities (Notes 8 and 12)	786,694	973,230
Total Current Liabilities	22,028,031	40,743,454
Noncurrent Liabilities		
Compensated absences (Note 12)	272,997	242,591
Self-insurance liabilities (Notes 8 and 12)	1,666,211	693,917
Net OPEB liability (Note 11)	2,990,433	3,642,245
Net pension liability (Note 7)	16,894,613	14,378,529
Total Noncurrent Liabilities	21,824,254	18,957,282
Total Liabilities	43,852,285	59,700,736
DEFERRED INFLOWS OF RESOURCES (Note 7 and Note 11)		
OPEB	1,139,142	1,102,067
Defined benefit pension	270,716	701,834
Total Deferred Inflows of Resources	1,409,858	1,803,901
NET POSITION		
Net investment in capital assets	49,448,332	47,573,463
Unrestricted	(7,175,831)	(7,337,391)
Total Net Position	42,272,501	40,236,072
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 87,534,644	\$ 101,740,709

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

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (WITH COMPARATIVE TOTALS)

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Passenger fares	\$ 3,489,447	\$ 3,179,075
Special transit fees	2,679,171	2,377,427
	<u>6,168,618</u>	<u>5,556,502</u>
Operating Expenses		
Salaries and benefits	28,690,441	26,144,670
Materials and supplies	3,414,796	3,580,623
Services	2,936,310	2,436,795
Purchased transportation	9,910,865	7,912,505
Insurance	1,154,391	909,275
Other	236,763	735,759
Utilities	466,091	406,341
Taxes	379,051	340,748
Leases and rentals	72,266	52,866
Defined benefit pension adjustment	1,758,323	(717)
OPEB adjustment	(534,729)	(422,902)
Depreciation	6,515,348	6,730,962
	<u>54,999,916</u>	<u>48,826,925</u>
Operating Loss	(48,831,298)	(43,270,423)
Nonoperating Revenues		
Federal operating assistance	5,582,329	8,342,650
State and local operating assistance	35,168,645	27,818,081
Advertising revenue	343,750	307,166
Interest income	1,101,117	393,095
Other revenue	81,870	102,093
Gain on disposal of capital assets	199,800	102
	<u>42,477,511</u>	<u>36,963,187</u>
Net Loss Before Capital Contributions	(6,353,787)	(6,307,236)
Capital Contributions		
Grants restricted for capital expenses (Note 3)	8,390,216	19,988,969
Increase in Net Position	2,036,429	13,681,733
Total Net Position, Beginning of Year	<u>40,236,072</u>	<u>26,554,339</u>
Total Net Position, End of Year	<u>\$ 42,272,501</u>	<u>\$ 40,236,072</u>

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

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (WITH COMPARATIVE TOTALS)**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 6,741,206	\$ 4,949,444
Payments to employees (salaries and benefits)	(27,959,909)	(25,943,641)
Payments to suppliers	(20,126,482)	(14,339,688)
Net Cash Used in Operating Activities	(41,345,185)	(35,333,885)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal operating grants	7,370,914	11,836,914
State and local operating grants	28,564,246	33,429,464
Other noncapital revenue	425,620	409,259
Net Cash Provided by Noncapital Financing Activities	36,360,780	45,675,637
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	199,800	-
Capital grants received	25,380,780	189,285
Capital asset purchases	(21,161,000)	(7,224,605)
Net Cash Flows Provided by (Used in) Capital and Related Financing Activities	4,419,580	(7,035,320)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	1,101,117	393,095
Net Increase in Cash and Cash Equivalents	536,292	3,699,527
Cash and Cash Equivalents, Beginning of Year	20,162,412	16,462,885
Cash and Cash Equivalents, End of Year	\$ 20,698,704	\$ 20,162,412

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

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
STATEMENT OF CASH FLOWS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (WITH COMPARATIVE TOTALS)

	2024	2023
Operating Loss	\$ (48,831,298)	\$ (43,270,423)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation	6,515,348	6,730,962
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase) Decrease in receivables	378,393	(657,331)
(Increase) Decrease in materials and supplies	(128,821)	166,018
(Increase) Decrease in prepaid expenses	(36,928)	77,306
Increase (Decrease) in accounts payable	(1,390,200)	1,791,900
Increase (Decrease) in net pension liability and related items	1,758,323	(717)
(Decrease) in net OPEB liability and related items	(534,729)	(422,902)
Increase in advances from customers	194,195	50,273
Increase in other liabilities and compensated absences	730,532	201,029
Net Cash Used in Operating Activities	\$ (41,345,185)	\$ (35,333,885)

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

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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, and 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 basic 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 basic 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 includes capital grants in the determination of net income resulting in an increase in net revenue of \$8,390,216 for the fiscal year ended June 30, 2024.

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 and reduced by outstanding debt that is 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 basic financial statements consist of (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 Basic 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 fees. 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 basic 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 Statement 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, 2024, 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 of Resources 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 outflows of

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Deferred Outflows of Resources and Inflows of Resources (Continued)

resources and deferred inflows of resources related to the California Public Employees' Retirement System (CalPERS) defined benefit plan for pensions and for its postemployment healthcare OPEB plan. Refer to Notes 7 and 11 for more information.

G. Self-Insurance Liabilities

The Authority is self-insured for public liability and property damage for the first \$250,000 of each occurrence. Claims between \$250,000 and \$1,000,000 are insured through a risk-sharing 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 \$25 million per occurrence. Additionally, the Authority is self-insured for workers' compensation claims for the first \$250,000 of each occurrence. Claims between \$250,000 and \$5,000,000 are insured through a risk-sharing pool with the Local Agency Workers' Compensation Excess (LAWCX), and claims in excess of \$5,000,000 are insured with excess coverage purchased through 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, 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.

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

J. Defined Benefit Other Postemployment Benefits (OPEB)

The Authority's Healthcare Insurance Benefits Program is a defined benefit postemployment healthcare plan. For purposes of measuring the OPEB liability, deferred outflow/inflow of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by MacLeod Watts and Public Agency Retirement Services (PARS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Benefits are provided through CalPERS Health Benefits Program for all administrative employees, transit operators, and transit supervisors, and continue to the surviving spouses if this election is made by the employee at enrollment.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences

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

L. Funding Sources/Programs

Transportation Development Act (TDA)

The Local Transportation Fund was created under the TDA to collect ¼ cent of the State's 7.25 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 (MTC) to the Authority for specific transportation purposes.

State Transit Assistance (STA)

This program provides a second source of funding for transportation planning and mass transportation purposes as specified by California legislation.

Federal Transit Administration (FTA)

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

Measure J Funds

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

M Subsequent Events

Subsequent events were evaluated through October 25, 2024, which is the date the basic financial statements were available to be issued.

NOTE 2 – CASH AND CASH EQUIVALENTS

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

Cash on hand	\$	450
Cash in banks		579,858
Investments		<u>20,118,396</u>
	\$	<u><u>20,698,704</u></u>

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	100%	50%
U.S. Treasury Obligations	5 years	100%	50%
U.S. Agency Securities	5 years	100%	50%
Negotiable Certificates of Deposit*	5 years	30%	30%
County Pooled Investment Funds	N/A	100%	50%
Local Agency Investment Fund (LAIF)	N/A	100%	100%

* 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 basic 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. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2024, had a balance of \$178 billion. Of that amount, 3.00% was invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments was 217 days as of June 30, 2024.

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

Cash on Hand and Cash in Banks (Continued)

Investment in State Investment Pool (Continued)

LAIF has the following restrictions on withdrawals:

- a) For same day transactions, the requesting agency must contact LAIF by 10 a.m. PST.
- b) Transaction calls received after 10 a.m. are processed the following business day.
- c) A requesting agency can only conduct a maximum of 15 transactions (combination of deposits and withdrawals) per month.
- d) 24-hour notice is needed for withdrawals of \$10 million or more.
- e) The minimum transaction amount is \$5,000, with amounts above the minimum transacted in increments of \$1,000.
- f) Prior to the funds transfer, an authorized person from the requesting agency must call LAIF to do a verbal transaction.

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.

Fair Value Measurements

GASB Statement No. 72 improved the measuring of fair value for financial reporting purposes and enhanced disclosures about the fair value hierarchy as established by GAAP. The Authority’s investments are held with LAIF, which is recorded on an amortized cost basis. As such, GASB Statement No. 72 does not apply.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

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

Investment Type	Amount	Remaining Maturity			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
LAIF	\$ 20,118,396	\$ 20,118,396	\$ -	\$ -	\$ -

Disclosure 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 or 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:

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

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Year-End		
				AAA	Aa	Not Rated
LAIF	\$ 20,118,396	N/A	\$ -	\$ -	\$ -	\$ 20,118,396

Custodial Credit Risk

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

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: \$1,511,975 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, 2024.

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, 2024.

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 fiscal year ended June 30 is as follows:

Federal grants	\$ 2,595,365
State grants	5,000,000
TDA (local transportation grants)	<u>794,851</u>
Total Capital Assistance	<u>\$ 8,390,216</u>

NOTE 4 – OPERATING GRANTS

The Authority receives local transportation fund allocations pursuant to the 1971 State TDA. These funds are generated within the County and are allocated based on annual claims filed by the Authority and approved by the Metropolitan Transportation 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 and discretionary income, which for the fiscal year ended June 30, 2024, was \$66,755 and \$1,385,154, respectively. For the fiscal year ended June 30, 2024, the Authority's maximum TDA assistance eligibility was \$15,568,190.

During the fiscal year ended June 30, 2024, the Authority earned \$10,056,041 of Measure J funds from the Contra Costa Transportation Authority, which is included in state and local operating assistance. These funds, derived from sales and use taxes, are to be used for bus services to alleviate congestion and improve mobility; transportation for seniors and people with disabilities; express bus service; and bus transit improvements.

During the fiscal year ended June 30, 2024, the Authority earned \$130,181 of State of Good Repair (SGR) funds from STA funds out of Senate Bill 1 (SB1). Eligible projects for SGR funding include security equipment and systems, as well as preventative maintenance. The Authority used SGR funds to support the ongoing maintenance of its onboard technology. The Authority also earned other state and local operating assistance of \$9,414,233, which mostly consisted of STA revenues.

Federal operating assistance funds have also been received pursuant to Sections 9 of the Urban Mass Transportation Act of 1974 (now FTA) for \$5,582,329. These Section 5307 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. Jointly with the FTA, the Federal Highway Administration (FHWA) provides funding for planning in metropolitan areas, which is distributed by MTC. Due to the Coronavirus (COVID-19) pandemic, the Authority received federal funding through Section 5307 operating funds that were provided in place of Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) funds for \$3,688,131. These federal relief funds, in combination with budget savings in expenditures, resulted in less TDA revenue utilized as compared to allocated.

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

Capital assets activity, including assets acquired under capital lease, at June 30 is shown below:

	Balance June 30, 2023	Reclassifications and Additions	Reclassifications and Deletions	Balance June 30, 2024
Capital Assets Not Being Depreciated:				
Construction in process	\$ 18,859,147	\$ -	\$ (18,837,354)	\$ 21,793
Land	2,704,785	-	-	2,704,785
Total Capital Assets Not Being Depreciated	21,563,932	-	(18,837,354)	2,726,578
Capital Assets Being Depreciated:				
Land improvements	2,439,769	7,173	-	2,446,942
Shop, office, other equipment, and service vehicles	5,886,032	266,839	(677,594)	5,475,277
Buildings and structures	21,986,300	190,549	(175,082)	22,001,767
Revenue vehicles	74,624,775	26,784,803	(20,971,243)	80,438,335
Total Capital Assets Being Depreciated	104,936,876	27,249,364	(21,823,919)	110,362,321
Less Accumulated Depreciation for:				
Land improvements	2,321,874	25,665	-	2,347,539
Shop, office, other equipment, and service vehicles	5,091,074	258,840	(655,801)	4,694,113
Buildings and structures	16,607,900	715,990	(175,082)	17,148,808
Revenue vehicles	54,906,497	5,514,853	(20,971,243)	39,450,107
Total Accumulated Depreciation	78,927,345	6,515,348	(21,802,126)	63,640,567
Total Capital Assets Being Depreciated, Net	26,009,531	20,734,016	(21,793)	46,721,754
Total Capital Assets, Net	\$ 47,573,463	\$ 20,734,016	\$ (18,859,147)	\$ 49,448,332

Depreciation expense for the fiscal year ended June 30, 2024, was \$6,515,348.

NOTE 6 – ADVANCES

The Authority receives allocations from other governmental agencies to fund transit operations and capital purchases. Allocations are considered earned when they are properly spent for operations or capital acquisitions. Allocations received but not earned are recorded as unearned revenues. The Authority had received the following allocations which are considered to be unearned revenue as of June 30, 2024:

	2024
Advances from LCTOP	\$ 209,924
Advances from MTC	849,821
Advances from Customers	50,273
Advances from County of Alameda - STA	194,195
Total Advances	\$ 1,304,213

NOTE 7 – EMPLOYEES’ RETIREMENT PENSION PLAN

A. General Information about the Defined Benefit Pension Plan (the 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 (COLA), 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 COLAs 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, 2024, 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%	8.250%
Required Employer Contribution Rates	9.880%	9.880%

Employees Covered – At June 30, 2024, the following employees were covered by the benefit terms for the Plan as of the June 30, 2021 actuarial valuation:

	Miscellaneous
Inactive Employees or Beneficiaries Currently Receiving Benefits	238
Inactive Employees Entitled to but not yet Receiving Benefits	187
Active Employees	222
Total	647

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law (PERL) 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 through CalPERS’ annual actuarial valuation process. 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

NOTE 7 – EMPLOYEES’ RETIREMENT PENSION PLAN (Continued)

A. General Information about the Defined Benefit Pension Plan (the Plan) (Continued)

contribution rate of employees. For the measurement period ended June 30, 2022 (the measurement date), the classic (prior to January 1, 2013) active employee contribution rate is 7.000% of annual pay, the PEPR (on or after January 1, 2013) active employee contribution rate is 8.250% of annual pay, and the employer’s contribution rate is 9.880% 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 Plan’s fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2023, using an annual actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	6.90%
Mortality	Derived using CalPERS' Membership Data for all funds. ⁽¹⁾
Post-Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter.

⁽¹⁾ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021.

All other actuarial assumptions used in the June 30, 2022 valuation were based on the recommendations in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases and inflation assumption for Public Agencies. The Experience Study and Review of Actuarial Assumptions report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

NOTE 7 – EMPLOYEES’ RETIREMENT PENSION PLAN (Continued)

B. Net Pension Liability (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the reporting period ended June 30, 2024, the 6.90% discount rate was not reduced for administrative expense.

Long-Term Expected Rate of Return – The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rate of return by asset class are as followed:

Asset Class ^(a)	Assumed Asset Allocation	Real Return Years ^{(a)(b)}
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

^(a) An expected inflation of 2.30% used for this period.

^(b) Figures are based on the 2021 Asset Liability Management study.

Annual Money-Weighted Return – For the fiscal year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expenses, was 6.1%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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, 2022 (Measurement Date)	\$ 118,970,136	\$ 104,591,607	\$ 14,378,529
Changes in the year:			
Service Cost	2,570,696	-	2,570,696
Interest on the Total Pension Liability	8,203,042	-	8,203,042
Differences between Expected and Actual Experience	1,300,110	-	1,300,110
Changes of Assumptions	-	-	-
Changes of Benefit Terms	162,920	-	162,920
Net Plan to Plan Resource Movement	-	-	-
Contribution - Employer	-	2,274,647	(2,274,647)
Contribution - Employee (Paid by Employer)	-	372,230	(372,230)
Contribution - Employee	-	787,102	(787,102)
Net Investment Income	-	6,363,617	(6,363,617)
Administrative Expenses	-	(76,912)	76,912
Other Miscellaneous Income/(Expense)	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(5,667,688)	(5,667,688)	-
Net Changes During 2021-22	6,569,080	4,052,996	2,516,084
Balance at June 30, 2023 (Measurement Date)	\$ 125,539,216	\$ 108,644,603	\$ 16,894,613

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 6.90%, 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 (5.90%) or one percentage point higher (7.90%) than the current rate:

	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Plan's Net Pension Liability	\$ 32,768,523	\$ 16,894,613	\$ 3,639,431

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

NOTE 7 – EMPLOYEES’ RETIREMENT PENSION PLAN (Continued)

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

For the fiscal year ended June 30, 2024, the Authority recognized a defined benefit pension adjustment of \$1,758,323. At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$ 2,997,125	\$ -
Changes of Assumptions	943,224	-
Differences between Expected and Actual Experience	893,826	270,716
Net Differences between Projected and Actual Earnings on Plan Investments	<u>4,987,025</u>	<u>-</u>
Total	<u>\$ 9,821,200</u>	<u>\$ 270,716</u>

\$2,997,125 reported as a deferred outflow of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2025	\$ 1,776,419
2026	1,113,186
2027	3,510,438
2028	153,316
Thereafter	<u>-</u>
Total	<u>\$ 6,553,359</u>

E. Payable to the Pension Plan

At June 30, 2024, the Authority reported a payable of \$82,051 for the outstanding amount of contributions to the pension plan required for the fiscal year ended June 30, 2024.

NOTE 8 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; 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 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 \$25 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.

NOTE 8 – RISK MANAGEMENT (Continued)

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.

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 \$505,771 at June 30, 2024, 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 basic financial statements indicates that it is probable that a liability has been incurred at the date of the basic 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 32 members consisting of 22 municipalities, 9 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 participates in the Public Risk Innovation, Solutions and Management (PRISM) risk pool for excess workers' compensation coverage in excess of \$5 million up to statutory limits. PRISM 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 \$1,947,134 at June 30, 2024, 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 basic financial statements indicates that it is probable that a liability has been incurred at the date of the basic 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 three 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, 2024, this fund, including accrued interest, totaled \$1,649,865.

NOTE 10 – CASH RESERVE FUNDS (Continued)

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, 2024, totaled \$505,771, and for the workers' compensation totaled \$1,947,134.

Operating and Capital Reserve

In April 2024, the Board of Directors amended the Authority's Reserve Policy. Prior to this revision, the Authority's reserve funds were composed of Transportation Development Act (TDA) funds that were allocated to the Authority but not claimed in the same year of allocation. These funds are reserved and held by the Metropolitan Transportation Commission (MTC) as required under TDA statutes. With the revised policy, the Authority now calculate amounts earned from discretionary revenue sources (i.e., advertising revenue, unallocated interest income). The discretionary funds are calculated at fiscal year end and are held by the Authority. Together, these two types of funds comprise the Operating and Capital Reserve. Since the discretionary revenue is held by the Authority, the funds are reflected in the financial statements as a portion of the unrestricted net position. The discretionary portion of the Operating and Capital Reserve as of June 30, 2024, totaled \$1,385,155.

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)

A. General Information about the OPEB Plan

Plan Description

The Authority's Healthcare Insurance Benefits Program is a single-employer defined benefit postemployment healthcare plan in which retirees are eligible to participate. Benefits are provided through CalPERS Health Benefits Program for all administrative employees and transit operators. Benefits continue to the surviving spouses.

Benefits Provided

Eligibility for retiree health benefits requires service or disability retirement from the Authority on or after age 50 (age 52 if a PEPR member) with at least five years of CalPERS service.

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.

Employees Covered by Benefit Terms

At July 1, 2021 (the census date), the benefit terms covered the following employees:

Retirees and survivors currently receiving benefits	67
Active employees	<u>200</u>
Total	<u><u>267</u></u>

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)

A. General Information about the OPEB Plan (Continued)

Contributions

The Actuarially Determined Contribution (ADC) consists of two basic components, which have been adjusted with interest to the Authority's fiscal year-end:

- The amounts attributed to service performed in the current fiscal year (the normal cost) and
- Amortization of the unfunded actuarial accrued liability (UAAL).

The development of the ADC reflects the assumption that the Authority will contribute at least 100% of this amount each year, with contributions comprising of direct payments to insurers toward retiree premiums, each current year's implicit subsidy, and contributions to the OPEB trust.

B. Net OPEB Liability

The Authority's net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions

The total OPEB liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2023
Valuation Date	June 30, 2023
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Long-Term Return on Assets	4.70%
Discount Rate	4.70%
Participants Valued	Only current active employees, retired participants, and covered dependents are valued.
Salary Increase	3.00% per year, used only to allocate the cost of benefits between service years.
Assumed Increase for Amortization Payments	3.0% per year where determined on a percent of pay basis
General Inflation Rate	2.50% per year

Demographic actuarial assumptions used in this valuation are based on the 2021 experience study of the California Public Employees Retirement System using data from 1997 to 2019, except for a different basis used to project future mortality improvements. Mortality rates used were the CalPERS published rates.

Mortality	MacLeod Watts Scale 2022 applied generationally from 2017.
Healthcare Trend	Medical plan premiums and claims costs by age are assumed to increase once each year. Increases over the prior year's level were derived using the Getzen model and are assumed to be effective on the dates shown below. The required PEMHCA minimum employer contribution (MEC) is assumed to increase by 4.5% annually.

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB) (Continued)

B. Net OPEB Liability (Continued)

Actuarial Assumptions (Continued)

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2024	Actual	2040-2043	4.80%
2025	6.50%	2044-2049	4.70%
2026	6.00%	2050-2059	4.60%
2027	5.50%	2060-2065	4.50%
2028	5.40%	2066-2067	4.40%
2029	5.30%	2068-2069	4.30%
2030	5.20%	2070	4.20%
2031	5.10%	2071-2074	4.10%
2032-2037	5.00%	2073-2074	4.00%
2038-2039	4.90%	2075 & later	3.90%

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity - Large Cap Funds	15.50%	7.70%
Equity - Mid Cap Funds	3.00%	8.00%
Equity - Small Cap Funds	4.50%	8.50%
Equity - Real Estate	1.00%	6.60%
Equity - International	4.00%	7.50%
Equity - Emerging Markets	2.00%	7.50%
Fixed Income - Short Term Bond	14.00%	3.30%
Fixed Income - Intermediate Term Bond	49.25%	4.00%
Fixed Income - High Yield	1.75%	5.70%
Cash Equivalents	5.00%	2.60%
Total	<u>100.00%</u>	

Annual Money-Weighted Return

For the fiscal year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expenses, was 7.13%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.70%. The projection of cash flows used to determine the discount rate assumed that the Authority contribution will be made at rates equal to the ADC rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB) (Continued)

B. Net OPEB Liability (Continued)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2023 <i>Measurement Date June 30, 2021</i>	\$ 8,425,640	\$ 4,783,395	\$ 3,642,245
Changes in the Year:			
Service Cost	323,596	-	323,596
Interest	406,796	-	406,796
Expected Investment Income	-	231,058	(231,058)
Employer Contributions	-	532,189	(532,189)
Benefit Payments	(370,232)	(370,232)	-
Assumption Changes	(671,836)	-	(671,836)
Plan Experience	(21,120)	-	(21,120)
Investment Experience	-	(73,999)	73,999
Net Changes	(332,796)	319,016	(651,812)
Balance at June 30, 2024 <i>Measurement Date June 30, 2022</i>	\$ 8,092,844	\$ 5,102,411	\$ 2,990,433

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.70%) or one percentage point higher (5.70%), follows:

	1% Decrease 3.70%	Discount Rate 4.70%	1% Increase 5.70%
Net OPEB Liability	\$ 3,915,703	\$ 2,990,433	\$ 2,208,037

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using Healthcare Cost Trend Rates that are one percentage point lower (5.50%) or one percentage point higher (7.50%) than current healthcare cost trend rates, follows:

	1% Decrease 5.50% Decreasing to 2.90%	Discount Rate 6.50% Decreasing to 3.90%	1% Increase 7.50% Decreasing to 4.90%
Net OPEB Liability	\$ 2,452,051	\$ 2,990,433	\$ 3,739,715

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB) (Continued)

B. Net OPEB Liability (Continued)

OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

For the fiscal year ended June 30, 2024, the Authority recognized an OPEB adjustment of \$534,729. At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 283,039	\$ 601,971
Differences Between Expected and Actual Experience	-	537,171
Net Difference Between Projected and Actual Earnings on Investments	443,084	-
Contributions Made Subsequent to the Measurement Date	<u>588,070</u>	<u>-</u>
Total	<u>\$ 1,314,193</u>	<u>\$ 1,139,142</u>

The \$588,070 reported as a deferred outflow of resources related to contributions subsequent to the June 30, 2023 measurement date will be recognized as a reduction to the net OPEB liability during the fiscal year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related OPEB expenses will be recognized as follows:

<u>For the Fiscal Year Ending June 30,</u>	<u>Recognized Net Deferred Outflows (Inflows) of Resources</u>
2025	\$ (164,361)
2026	(97,119)
2027	115,819
2028	(65,167)
2029	(98,153)
Thereafter	<u>(104,038)</u>
Total	<u>\$ (413,019)</u>

NOTE 12 – CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities at June 30, 2024, follows:

	<u>Balance June 30, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2024</u>	<u>Due Within One Year</u>
Self-Insurance Liabilities	\$ 1,667,147	\$ 1,671,426	\$ 885,668	\$ 2,452,905	\$ 786,694
Compensated Absences	<u>1,323,139</u>	<u>1,249,815</u>	<u>1,189,567</u>	<u>1,383,387</u>	<u>1,110,390</u>
Totals	<u>\$ 2,990,286</u>	<u>\$ 2,921,241</u>	<u>\$ 2,075,235</u>	<u>\$ 3,836,292</u>	<u>\$ 1,897,084</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, 2024. 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).

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)	\$ 20,770,583
Less: applicable expenses	\$ (14,468,360)
Unused portion to revert back to (balance due to) the County's LTF (Current Year)	<u>6,302,223</u>
Prior year unused portion not returned	<u>9,283,248</u>
Total Unused Portion to Revert Back to the County's LTF	<u>\$ 15,585,471</u>
LTF Allocations for Community Transit Services:	
99275 and 99260(a)	\$1,099,830
Less: applicable expenses	<u>(1,099,830)</u>
Unused portion to revert back to the County's LTF	<u>-</u>
Total Due Back to the County's LTF	<u>\$ 15,585,471</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.

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND
RELATED RATIOS
AS OF JUNE 30, 2024
LAST 10 FISCAL YEARS

Measurement Period	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Total Pension Liability					
Service Cost	\$ 2,570,696	\$ 2,497,734	\$ 2,318,458	\$ 2,334,896	\$ 2,340,898
Interest on Total Pension Liability	8,203,042	7,777,960	7,595,094	7,294,049	6,932,405
Changes of Benefit Terms	162,920	-	-	-	-
Changes of Assumptions	-	2,290,688	-	-	-
Differences between Expected and Actual Experience	1,300,110	(596,908)	(772,818)	(68,868)	25,006
Benefit Payments, Including Refunds of Employee Contributions	<u>(5,667,688)</u>	<u>(5,561,530)</u>	<u>(4,834,432)</u>	<u>(4,440,542)</u>	<u>(3,846,430)</u>
Net Change in Total Pension Liability	6,569,080	6,407,944	4,306,302	5,119,535	5,451,879
Total Pension Liability - Beginning	<u>118,970,136</u>	<u>112,562,192</u>	<u>108,255,890</u>	<u>103,136,355</u>	<u>97,684,476</u>
Total Pension Liability - Ending (a)	<u>\$ 125,539,216</u>	<u>\$ 118,970,136</u>	<u>\$ 112,562,192</u>	<u>\$ 108,255,890</u>	<u>\$ 103,136,355</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 2,274,647	\$ 2,030,958	\$ 1,799,854	\$ 1,590,639	\$ 1,424,384
Contributions - Employee (Paid by Employer)	372,230	369,411	408,586	408,586	449,362
Contributions - Employee	787,102	677,462	617,163	690,196	596,997
Net Investment Income	6,363,617	(8,496,317)	21,410,686	4,664,610	5,804,423
Benefit Payments, Including Refunds of Employee Contributions	(5,667,688)	(5,561,530)	(4,834,432)	(4,440,542)	(3,846,430)
Administrative Expenses	(76,912)	(72,039)	(96,236)	(131,892)	(63,649)
Other Miscellaneous Income/(Expense)*	-	-	-	-	207
Net Change in Plan Fiduciary Net Position	4,052,996	(11,052,055)	19,305,621	2,781,597	4,365,294
Plan Fiduciary Net Position - Beginning**	<u>104,591,607</u>	<u>115,643,662</u>	<u>96,338,041</u>	<u>93,556,444</u>	<u>89,191,150</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 108,644,603</u>	<u>\$ 104,591,607</u>	<u>\$ 115,643,662</u>	<u>\$ 96,338,041</u>	<u>\$ 93,556,444</u>
Net Pension Liability (Asset) [(a) - (b)]	<u>\$ 16,894,613</u>	<u>\$ 14,378,529</u>	<u>\$ (3,081,470)</u>	<u>\$ 11,917,849</u>	<u>\$ 9,579,911</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.54%	87.91%	102.74%	88.99%	90.71%
Covered Payroll***	\$ 15,166,349	\$ 14,727,203	\$ 14,890,548	\$ 15,073,568	\$ 15,239,229
Net Pension Liability as a Percentage of Covered Payroll	111.40%	97.63%	-20.69%	79.06%	62.86%

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND
RELATED RATIOS (Continued)
AS OF JUNE 30, 2024
LAST 10 FISCAL YEARS

Measurement Period	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Total Pension Liability					
Service Cost	\$ 2,257,838	\$ 2,337,306	\$ 1,945,766	\$ 1,918,011	\$ 1,994,470
Interest on Total Pension Liability	6,570,234	6,322,423	6,022,970	5,722,716	5,409,869
Changes of Benefit Terms	-	-	-	-	-
Changes of Assumptions	(660,476)	5,271,395	-	(1,429,806)	-
Differences between Expected and Actual Experience	(932,669)	(516,597)	(800,944)	(576,058)	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(3,812,132)</u>	<u>(3,309,790)</u>	<u>(3,141,095)</u>	<u>(2,716,414)</u>	<u>(2,653,773)</u>
Net Change in Total Pension Liability	3,422,795	10,104,737	4,026,697	2,918,449	4,750,566
Total Pension Liability - Beginning	<u>94,261,681</u>	<u>84,156,944</u>	<u>80,130,247</u>	<u>77,211,798</u>	<u>72,461,232</u>
Total Pension Liability - Ending (a)	<u>\$ 97,684,476</u>	<u>\$ 94,261,681</u>	<u>\$ 84,156,944</u>	<u>\$ 80,130,247</u>	<u>\$ 77,211,798</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 1,158,215	\$ 1,070,201	\$ 1,272,683	\$ 947,246	\$ 917,689
Contributions - Employee (Paid by Employer)	586,800	527,557	491,555	432,811	509,838
Contributions - Employee	470,086	469,913	506,311	515,306	447,265
Net Investment Income	6,979,197	8,507,531	460,130	1,698,644	11,507,514
Benefit Payments, Including Refunds of Employee Contributions	(3,812,132)	(3,309,790)	(3,141,095)	(2,716,414)	(2,653,773)
Administrative Expenses	(131,190)	(113,741)	(47,229)	(87,217)	-
Other Miscellaneous Income/(Expense)*	<u>(249,340)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	5,001,636	7,151,671	(457,645)	790,376	10,728,533
Plan Fiduciary Net Position - Beginning**	<u>84,189,514</u>	<u>77,037,843</u>	<u>77,495,488</u>	<u>76,705,112</u>	<u>65,976,579</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 89,191,150</u>	<u>\$ 84,189,514</u>	<u>\$ 77,037,843</u>	<u>\$ 77,495,488</u>	<u>\$ 76,705,112</u>
Net Pension Liability [(a) - (b)]	<u>\$ 8,493,326</u>	<u>\$ 10,072,167</u>	<u>\$ 7,119,101</u>	<u>\$ 2,634,759</u>	<u>\$ 506,686</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.31%	89.31%	91.54%	96.71%	99.34%
Covered Payroll***	\$ 14,673,672	\$ 14,786,527	\$ 13,915,228	\$ 13,613,535	\$ 13,553,073
Net Pension Liability as a Percentage of Covered Payroll	57.88%	68.12%	51.16%	19.35%	3.74%

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET) AND
RELATED RATIOS (Continued)
AS OF JUNE 30, 2024
LAST 10 FISCAL YEARS

Notes to Schedule:

* During fiscal year 2017-18, as a result of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions* (GASB 75), California Public Employees Retirement System (CalPERS) reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and, during fiscal year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68).

** Includes any beginning of year adjustment.

*** Covered Payroll represented above is based on pensionable earnings provided by the employer. Payroll was assumed to increase by the 2.80 percent payroll growth assumption for fiscal years ended June 30, 2022 and 2023; 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018 through 2021; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014 through 2017.

Benefit changes: The figures generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden handshakes) that occurred after the Valuation Date are not included in the figures, unless the liability impact is deemed to be material by the plan actuary.

In 2022, SB 1168 increased the standard retiree lump sum death benefit from \$500 to \$2,000 for any death occurring on or after July 1, 2023. The impact, if any, is included in the changes of benefit terms.

Changes of assumptions: There were no assumption changes in 2023. Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF INVESTMENT RETURNS – PENSION
AS OF JUNE 30, 2024
LAST 10 FISCAL YEARS**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	6.1%	-7.5%	22.4%	5.0%	6.5%
	<u>June 30, 2018</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	11.2%	11.2%	0.5%	2.2%	17.70%

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CONTRIBUTIONS – PENSION
AS OF JUNE 30, 2024
LAST 10 FISCAL YEARS**

Fiscal Year Ended June 30	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially Determined Contributions	\$ 2,274,647	\$ 2,030,958	\$ 1,799,854	\$ 1,590,639	\$ 1,424,384
Contributions in Relation to the Actuarially Determined Contributions	<u>(2,274,647)</u>	<u>(2,030,958)</u>	<u>(1,799,854)</u>	<u>(1,590,639)</u>	<u>(1,424,384)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll*	\$ 15,166,349	\$ 14,727,203	\$ 14,890,548	\$ 15,073,568	\$ 15,239,229
Contributions as a Percentage of Covered Payroll	15.00%	13.79%	12.09%	10.55%	9.35%
Fiscal Year Ended June 30	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contributions	\$ 1,158,215	\$ 1,070,201	\$ 1,272,683	\$ 947,246	\$ 917,689
Contributions in Relation to the Actuarially Determined Contributions	<u>(1,158,215)</u>	<u>(1,070,201)</u>	<u>(1,272,683)</u>	<u>(947,246)</u>	<u>(917,689)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll*	\$ 14,673,672	\$ 14,786,527	\$ 13,915,228	\$ 13,613,535	\$ 13,553,073
Contributions as a Percentage of Covered Payroll	7.89%	7.24%	9.15%	6.96%	6.77%

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
 AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
 SCHEDULE OF CONTRIBUTIONS – PENSION (Continued)
 AS OF JUNE 30, 2024
 LAST 10 FISCAL YEARS**

Notes to Schedule:

* Covered Payroll represented above is based on pensionable earnings provided by the employer. Payroll was assumed to increase by the 2.80 percent payroll growth assumption for fiscal years ended June 30, 2022 and 2023; 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018 through 2021; 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014 through 2017.

The actuarial methods and assumptions used to set the actuarially determined contributions for the Authority’s fiscal year ending June 30, 2023 were derived from the June 30, 2020 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll
Asset valuation method	Fair Value of Assets. CalPERS employs a policy that amortizes all gains and losses over a fixed 30-year period. The increase or decrease in the rate is then spread directly over a 5-year period. This method is referred to as “direct rate smoothing.”
Inflation	2.50%
Projected salary increases	Varies by entry age and service.
Payroll growth	2.75%
Investment rate of return	7.00% (Net of Pension Plan Investment and Administrative Expenses; includes Inflation)
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
SINGLE-EMPLOYER DEFINED BENEFIT PLAN
SCHEDULE OF CHANGES IN THE NET OTHER POSTEMPLOYMENT
BENEFITS (OPEB) LIABILITY AND RELATED RATIOS
JUNE 30, 2024
LAST 10 FISCAL YEARS***

Measurement Period	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Total OPEB Liability							
Service Cost	\$ 323,596	\$ 314,171	\$ 328,799	\$ 318,449	\$ 331,211	\$ 320,785	\$ 350,850
Interest on the Total OPEB Liability	406,796	390,857	390,119	369,885	406,509	385,114	482,126
Changes of Benefit Terms	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(21,120)	-	(184,833)	-	(1,357,116)	-	(1,408,629)
Changes in Assumptions	(671,836)	-	417,022	-	205,894	-	(994,873)
Benefit Payments	<u>(370,232)</u>	<u>(387,567)</u>	<u>(327,048)</u>	<u>(276,823)</u>	<u>(306,893)</u>	<u>(286,733)</u>	<u>(316,489)</u>
Net Change in Total OPEB Liability	(332,796)	317,461	624,059	411,511	(720,395)	419,166	(1,887,015)
Total OPEB Liability - Beginning	<u>8,425,640</u>	<u>8,108,179</u>	<u>7,484,120</u>	<u>7,072,609</u>	<u>7,793,004</u>	<u>7,373,838</u>	<u>9,260,853</u>
Total OPEB Liability - Ending (a)	<u>\$ 8,092,844</u>	<u>\$ 8,425,640</u>	<u>\$ 8,108,179</u>	<u>\$ 7,484,120</u>	<u>\$ 7,072,609</u>	<u>\$ 7,793,004</u>	<u>\$ 7,373,838</u>
OPEB Plan Fiduciary Net Position							
Net Investment Income	\$ 532,189	\$ (567,544)	\$ 496,621	\$ 215,873	\$ 224,930	\$ 80,538	\$ 111,685
Contributions - Employer	157,059	563,588	546,415	529,577	606,839	588,345	748,139
Benefit Payments	(370,232)	(387,567)	(327,048)	(276,823)	(306,893)	(286,733)	(316,489)
Administrative Expenses	-	-	-	-	-	(1,550)	-
Net Change in OPEB Plan Fiduciary Net Position	319,016	(391,523)	715,988	468,627	524,876	380,600	543,335
OPEB Plan Fiduciary Net Position - Beginning	<u>4,783,395</u>	<u>5,174,918</u>	<u>4,458,930</u>	<u>3,990,303</u>	<u>3,465,427</u>	<u>3,084,827</u>	<u>2,541,492</u>
OPEB Plan Fiduciary Net Position - Ending (b)	<u>\$ 5,102,411</u>	<u>\$ 4,783,395</u>	<u>\$ 5,174,918</u>	<u>\$ 4,458,930</u>	<u>\$ 3,990,303</u>	<u>\$ 3,465,427</u>	<u>\$ 3,084,827</u>
Net OPEB Liability [(a) - (b)]	<u>\$ 2,990,433</u>	<u>\$ 3,642,245</u>	<u>\$ 2,933,261</u>	<u>\$ 3,025,190</u>	<u>\$ 3,082,306</u>	<u>\$ 4,327,577</u>	<u>\$ 4,289,011</u>
OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	63.05%	56.77%	63.82%	59.58%	56.42%	44.47%	41.83%
Covered Payroll	\$ 15,287,627	\$ 15,287,627	\$ 14,326,765	\$ 15,543,046	\$ 15,503,972	\$ 14,836,604	\$ 12,531,658
Net OPEB Liability as a Percentage of Covered Payroll	19.56%	23.82%	20.47%	19.46%	19.88%	29.17%	34.23%

Notes to Schedule:

* When information is available, the required 10 years will be shown.

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
 SINGLE-EMPLOYER DEFINED BENEFIT PLAN
 SCHEDULE OF INVESTMENT RETURNS – OPEB
 JUNE 30, 2024
 LAST 10 YEARS***

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	7.13%	4.05%	-10.42%	11.76%	6.23%	7.16%	9.38%

Notes to Schedule:

* When information is available, the required 10 years will be shown.

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
SINGLE-EMPLOYER DEFINED BENEFIT PLAN
SCHEDULE OF CONTRIBUTIONS – OPEB
JUNE 30, 2024
LAST 10 FISCAL YEARS***

Fiscal Year Ended June 30	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially Determined Contributions	\$ 585,624	\$ 530,899	\$ 561,678	\$ 545,410	\$ 529,577	\$ 606,839	\$ 588,345	\$ 748,139
Contributions in Relation to the Actuarially Determined Contributions	<u>(588,070)</u>	<u>(532,189)</u>	<u>(563,588)</u>	<u>(546,415)</u>	<u>(529,577)</u>	<u>(606,839)</u>	<u>(588,345)</u>	<u>(748,139)</u>
Contribution Deficiency (Excess)	<u>\$ (2,446)</u>	<u>\$ (1,290)</u>	<u>\$ (1,910)</u>	<u>\$ (1,005)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 16,804,066	\$ 15,867,493	\$ 16,518,765	\$ 14,326,765	\$ 16,007,851	\$ 15,503,972	\$ 14,836,604	\$ 12,531,658
Contributions as a Percentage of Covered Payroll	3.50%	3.35%	3.41%	3.81%	3.31%	3.91%	3.97%	5.97%

Notes to Schedule:

* When information is available, the required 10 years will be shown.

The actuarial methods and assumptions used to set the actuarially determined contributions for the Authority's fiscal years ending June 30, 2024, were derived from the June 30, 2023 actuarial valuation report.

Methods and assumptions used to determine contribution rates:

Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Long-Term Return on Assets	4.70%
Discount Rate	4.70%
Participants Valued	Only current active employees, retired participants, and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.00% per year, used only to allocate the cost of benefits between service years
Assumed Increase for Amortization Payments	3.0% per year
General Inflation Rate	2.75% per year

Demographic actuarial assumptions used in this valuation are based on the 2021 experience study of the CalPERS using data from 1997 to 2019, except for a different basis used to project future mortality improvements. Rates for selected age and service are shown in the July 1, 2020 funding valuation. The representative mortality rates were the published CalPERS rates.

Mortality MacLeod Watts Scale 2022 applied generationally from 2015.

SUPPLEMENTARY INFORMATION AND OTHER REPORTS

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

<u>Federal Grantor/Project Number/Program Title</u>	<u>Assistance Listing Number</u>	<u>Identification Number</u>	<u>Passed- Through To Subrecipients</u>	<u>Grant Expenditures</u>
U.S. Department of Transportation/ Federal Transit Administration (FTA)				
Federal Transit Cluster				
Direct:				
Formula Grants:	20.507			
FY15 Projects - Access and Planning Software		CA-2016-013-01	\$ -	\$ 42,247
FY22 5307 & 5339 Formula Grant - Vehicle Replacement		CA 2023-201-00	-	2,582,067
FY21 5307 - Operating Assistance		CA-2023-099-00	-	3,688,131
FY23 5307 Formula Grant for Paratransit Operations		CA-2024-002-01	-	1,839,033
FY23 5307 TPI Transit Corridors Study		CA-2024-144-00	-	26,216
Subtotal Federal Transit Cluster			-	8,177,694
Total U.S. Department of Transportation / FTA			-	8,177,694
Total Expenditures of Federal Awards			\$ -	\$ 8,177,694

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, 2024**

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 (the 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. The information in the SEFA is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE 3 – INDIRECT COST RATE

The Authority did not elect to use the 10 percent de minimis indirect cost rate as covered in 2 CFR §200.414.

**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 Administration and Finance Committee and 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 basic financial statements of the Central Contra Costa Transit Authority (the Authority) as of and for the fiscal year ended June 30, 2024, and related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 25, 2024.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's basic 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 financial statements. 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*.

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 entity'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 communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Stockton, California
October 25, 2024

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

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

Report on Compliance with Transportation Development Act Requirements

We have audited the Central Contra Costa Transit Authority's (the Authority) compliance with Transportation Development Act (TDA) requirements that funds allocated to and received by the Authority were expended in conformance with applicable statutes, rules, and regulations of the TDA and the allocation instructions and resolutions of the Metropolitan Transportation Commission as required by Section 6667 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations during the year ended June 30, 2024.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the applicable statutes, rules, and regulations of the TDA.

Auditor's Responsibility

Our responsibility is to express an opinion on each of the Authority's compliance requirements referred to in Section 6667, which requires that, for a transit claimant, the independent auditor will perform at least the following tasks:

- (a) Determine whether the claimant was an entity eligible to receive the funds allocated to it;
- (b) Determine whether the claimant is maintaining its accounts and records on an enterprise fund basis and is otherwise in compliance with the uniform system of accounts and records adopted by the State Controller, pursuant to Public Utilities Code Section 99234;
- (c) Determine whether the funds received by the claimant pursuant to the TDA were expended in conformance with those sections of the TDA specifying the qualifying purposes, including Public Utilities Code Sections 99262 and 99263 for operators receiving funds under Article 4; Sections 99275, 99275.5, and 99277 for Article 4.5 claimants; Section 99400(c), (d), and (e) for Article 8 claimants for service provided under contract; and Section 99405(d) for transportation services provided by cities and countries with populations of less than 5,000;
- (d) Determine whether the funds received by the claimant pursuant to the TDA were expended in conformance with the applicable rules, regulations, and procedures of the transportation planning agency and in compliance with the allocation instructions and resolutions;
- (e) Determine whether interest earned on funds received by the claimant, pursuant to the TDA, were expended only for those purposes for which the funds were allocated in accordance with Public Utilities Code Sections 99234.1, 99301, 99301.5, and 99301.6;
- (f) Verify the amount of the claimant's operating cost for the fiscal year, the amount of fare revenues required to meet the ratios specified in Sections 6633.2 and 6633.5, and the amount of the sum of fare revenues and local support required to meet the ratios specified in the Section 6633.2;

- (g) Verify the amount of the claimant's actual fare revenues for the fiscal year;
- (h) Verify the amount of the claimant's actual local support for the fiscal year;
- (i) Verify the amount of the claimant was eligible to receive under the TDA during the fiscal year in accordance with Sections 6634 and 6649;
- (j) Verify, if applicable, the amount of the operator's expenditure limitation in accordance with Section 6633.1;
- (k) In the case of an operator, determine whether the operator's employee retirement system or private pension plan is in conformance with the provisions of Public Utilities Code Sections 99271, 99272, and 99273;
- (l) In the case of an operator, determine whether the operator has had a certification by the Department of the California Highway Patrol verifying that the operator is in compliance with Section 1808.1 of the Vehicle Code, as required in Public Utilities Code Section 99251;
- (m) In the case of an operator, verify, if applicable, its State Transit Assistance eligibility pursuant to Public Utilities Code Section 99314.6 or 99314.7; and
- (n) In the case of a claimant for community transit services, determine whether it is in compliance with Public Utilities Code Sections 99155 and 99155.5.

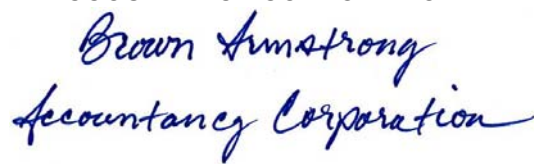
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the requirements referred to above. 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 requirements referred to above. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Compliance

In our opinion, the Authority, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the compliance requirements referred above for the fiscal year ended June 30, 2024.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Stockton, California
October 25, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Central Contra Costa Transit Authority's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Authority's major federal programs for the fiscal year ended June 30, 2024. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards (GAAS), *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Stockton, California
October 25, 2024

STATISTICAL SECTION

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
JUNE 30, 2024
LAST 10 FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Operating Revenues										
Passenger fares	\$ 3,489,447	\$ 3,179,075	\$ 2,217,862	\$ 1,348,037	\$ 3,043,712	\$ 3,383,189	\$ 3,221,580	\$ 3,275,964	\$ 3,549,944	\$ 3,759,432
Special transit fees	2,679,171	2,377,427	1,620,037	350,308	1,652,117	1,833,494	1,635,867	1,480,747	1,440,678	1,386,527
Total Operating Revenues	6,168,618	5,556,502	3,837,899	1,698,345	4,695,829	5,216,683	4,857,447	4,756,711	4,990,622	5,145,959
Operating Expenses										
Salaries and benefits	28,690,441	26,144,670	24,816,193	24,128,547	25,322,594	25,441,759	24,101,090	23,779,117	22,863,358	20,582,768
Materials and supplies	3,414,796	3,580,623	3,342,724	2,289,007	2,468,857	2,777,883	2,529,044	2,118,404	2,273,864	2,761,506
Services	2,936,310	2,436,795	2,130,814	1,746,263	1,869,379	1,933,459	1,744,973	1,751,238	1,697,825	1,775,371
Purchased transportation	9,910,865	7,912,505	7,181,927	6,072,093	6,544,224	6,211,639	5,561,256	5,309,756	5,458,921	5,151,072
Insurance	1,154,391	909,275	802,032	957,458	790,287	763,534	722,556	676,984	685,551	627,088
Other	236,763	735,759	180,176	73,552	147,590	189,045	202,460	210,422	305,691	312,727
Utilities	466,091	406,341	389,068	348,434	365,131	366,642	356,151	320,063	284,645	256,395
Taxes	379,051	340,748	415,987	228,805	237,192	217,950	226,116	184,435	193,913	250,077
Leases and rentals	72,266	52,866	57,332	60,409	60,444	53,508	42,499	48,466	44,983	40,454
Defined benefit pension adjustment	1,758,323	(717)	(3,486,207)	1,445,493	2,120,710	642,776	1,807,421	(17,761)	(1,169,716)	-
Other postemployment benefits (OPEB) adjustment	(534,729)	(422,902)	(581,142)	(554,446)	(461,471)	(376,320)	(224,832)	-	-	-
Depreciation	6,515,348	6,730,962	7,123,208	7,197,115	7,499,707	7,511,790	6,186,320	5,363,010	5,294,062	5,388,083
Total Operating Expenses	54,999,916	48,826,925	42,372,112	43,992,730	46,964,644	45,733,665	43,255,054	39,744,134	37,933,097	37,145,541
Operating Loss	(48,831,298)	(43,270,423)	(38,534,213)	(42,294,385)	(42,268,815)	(40,516,982)	(38,397,607)	(34,987,423)	(32,942,475)	(31,999,582)
Nonoperating Revenues										
Federal operating assistance ^(b)	5,582,329	8,342,650	9,247,548	2,371,121	8,339,542	1,703,403	1,655,674	1,002,950	2,237,709	1,376,873
State and local operating assistance	35,168,645	27,818,081	26,014,999	31,591,217	23,943,345	30,136,010	27,996,289	27,891,975	25,713,041	25,324,446
Advertising revenue	343,750	307,166	292,311	95,263	479,408	618,416	615,631	608,420	599,100	586,768
Interest income	1,101,117	393,095	(140,571)	36,814	268,607	253,675	118,161	38,789	40,642	15,307
Other revenue	81,870	102,093	77,488	84,977	78,968	102,245	108,077	83,538	82,784	93,083
Interest expense	-	-	-	-	-	-	-	-	-	-
Gain (Loss) on sale of capital assets	199,800	102	-	26,883	-	(6,944)	211,840	14,479	135,603	3,706
Loss on disposal of capital assets	-	-	(13,421)	-	-	-	-	-	-	-
Total Nonoperating Revenues	42,477,511	36,963,187	35,478,354	34,206,275	33,109,870	32,806,805	30,705,672	29,640,151	28,808,879	27,400,183
Net Loss Before Capital Contributions	(6,353,787)	(6,307,236)	(3,055,859)	(8,088,110)	(9,158,945)	(7,710,177)	(7,691,935)	(5,347,272)	(4,133,596)	(4,599,399)
Capital Contributions										
Grants restricted for capital expenses (Note 3)	8,390,216	19,988,969	441,602	420,944	968,706	7,088,596	2,850,624	19,010,487	17,447,423	2,935,527
Prior Period Adjustment^(a)	-	-	-	-	-	-	(5,971,222)	-	-	(5,057,126)
Increase (Decrease) in Net Position	2,036,429	13,681,733	(2,614,257)	(7,667,166)	(8,190,239)	(621,581)	(10,812,533)	13,663,215	13,313,827	(6,720,998)
Beginning Net Position, as Restated	40,236,072	26,554,339	29,168,596	36,835,762	45,026,001	45,647,582	56,460,115	42,796,900	29,483,073	36,204,071
Ending Net Position, as Restated	\$ 42,272,501	\$ 40,236,072	\$ 26,554,339	\$ 29,168,596	\$ 36,835,762	\$ 45,026,001	\$ 45,647,582	\$ 56,460,115	\$ 42,796,900	\$ 29,483,073

^(a) Prior Period adjustments:
FY 2018 was implementation of GASB Statement No. 75 for Other Postemployment Benefits.
FY 2015 was implementation of GASB Statement No. 68 for Pension Benefits.

^(b) Federal operating assistance includes \$3,538,209, \$1,358,665 and \$6,911,064 in FTA CARES Act funds in FY 2022, FY 2021 and FY 2020, respectively, and \$6,410,890 and \$3,930,747 in FTA ARPA Act funds in FY 2023 and FY 2022, respectively.

FINDINGS AND QUESTIONED COSTS SECTION

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024**

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 or 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 or 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 the Uniform Guidance?	No

C. Identification of Major Programs

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
Assistance Listing Number 20.507	Federal Transit Formula Grants
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Audit Findings and Questioned Costs

None.

Section III – Federal Awards Findings and Questioned Costs

None.

Section IV – Summary of Prior Audit (June 30, 2023) Findings and Current Year Status

Finding 2023-001 – Reporting of Schedule of Expenditures of Federal Awards.

CONDITION

The Authority did not initially prepare a complete and accurate Schedule of Expenditures of Federal Awards. Expenditures paid with capital federal grant funds that incurred in FY2023 were not reported on the schedule.

CRITERIA

2 CFR Part 200, Subpart F (Uniform Guidance) Section 200.502 requires the auditee to prepare an accurate Schedule of Expenditures of Federal Awards for the period covered by the auditee's financial statements.

CAUSE OF CONDITION

Inconsistent treatment of accruals at year-end resulted in misstatements on the Schedule of Expenditures of Federal Awards.

POTENTIAL EFFECT OF CONDITION

The Authority's Schedule of Expenditures of Federal Awards was initially materially misstated and therefore not in compliance with Federal regulations. This noncompliance could impact the Authority's eligibility to receive federal awards.

RECOMMENDATION

We recommend that the Authority develop a reconciliation process to verify all expenditures incurred through the fiscal year at hand and paid with federal funding are included in the Schedule of Expenditures of Federal Awards, with specific emphasis on accrued payables and receivables. All worksheets that are currently used to track expenditures paid with federal funding are properly reviewed at yearend and traced to inclusion on Schedule of Expenditures of Federal Awards. The reconciliation process should be reviewed by an individual familiar with the general ledger and independent of the preparer.

MANAGEMENT RESPONSE

A reconciliation process has already been created and performed on the current year revised Schedule of Expenditures of Federal Awards. Staff will ensure that this process is performed in future years and double-checked by a finance staff member who is familiar with the general ledger.

CURRENT YEAR STATUS

Implemented.