

County Connection

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

ADMINISTRATION & FINANCE COMMITTEE

MEETING AGENDA

Wednesday, January 7, 2026

9:00 a.m.

The A&F Meeting will be held in-person and via teleconference location****

County Connection Administration Office

2477 Arnold Industrial Way

3rd Floor Conference Room

Concord, CA 94520

The committee may take action on each item on the agenda, even items that are listed as “information only”. The action may consist of the recommended action, a related action or no action. Staff recommendations are subject to action and/or change by the committee.

Staff and members of the public may attend in-person or participate remotely via Zoom at:

<https://us02web.zoom.us/j/89474946162>

Or One tap mobile :

+14086380968,,89474946162# US (San Jose)

+16694449171,,89474946162# US

Meeting ID: 894 7494 6162

Public comment may be submitted via email to: hill@cccta.org. Please indicate in your email the agenda item to which your comment applies. Comments submitted before the meeting will be provided to the Board of Directors before the meeting. Comments submitted after the meeting is called to order will be included in the correspondence that will be provided to the full Board.

Oral public comments will also be accepted during the meeting in person and through Zoom* or the teleconference number listed above.

Should Zoom not be operational, please check online at: www.countyconnection.com for any updates or further instruction.

*Enclosure

**Enclosure for Committee Members

***To be mailed under separate cover

****To be available at the meeting.

FY2025/2026 A&F Committee

Laura Hoffmeister-Concord, Don Tatzin-Lafayette, Sue Noack-Pleasant Hill

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

CENTRAL CONTRA COSTA TRANSIT AUTHORITY

1. Approval of Agenda
2. Public Communication
3. Approval of Minutes of December 3, 2025*
4. Fiscal Year 2025 Financial Report and Audited Financial Statements*
(The auditor will present the FY2025 Audited Financial Statements. Staff requests that the A&F Committee accept the FY2025 audit report prepared by Brown Armstrong Accountancy Corporation and forward to the Board.)
5. Employee Referral Program Update* (Information Only)
6. Complementary Paratransit Options (Triennial Finding)*
(Staff requests the committee forward to the Board of Directors a recommendation for their preferred option addressing a finding from the FTA Triennial Review regarding paratransit fares in areas served by fare-free fixed routes.)
7. Update on Lump Sum Payment for Retiree Health Savings Plan*
8. Investment Report as of September 30, 2025*
9. Review of Vendor Bills, November 2025**
10. Approval of Legal Services Statement, November 2025 General and Labor**
11. Next Scheduled Meeting – February 4, 2026
12. Adjournment

*Enclosure

****Teleconference location: 1114 Orchard Rd., Lafayette, CA 94549

General Information

Public Comment: If you wish to address the committee, please follow the directions at the top of the agenda. If you have anything that you wish distributed to the committee and included for the official record, please include it in your email. Comments that require a response may be deferred for staff reply.

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

Availability of Public Records: All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body, will be made available for public inspection by posting them to County Connection's website at www.countyconnection.com. The agenda and enclosures for this meeting are posted also on our website at www.countyconnection.com.

Accessible Public Meetings: Upon request, County Connection will provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings and provide comments at/related to public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, auxiliary aid, service, or alternative format requested at least two days before the meeting. Requests should be sent to the Assistant to the General Manager, Lathina Hill, at 2477 Arnold Industrial Way, Concord, CA 94520 or hill@cccta.org. Requests made by mail must be received at least two days before the meeting. Requests will be granted whenever possible and resolved in favor of accessibility.

Currently Scheduled Board and Committee Meetings

Board of Directors:	January 15, 9:00 a.m., County Connection Board Room 2477 Arnold Industrial Way, Concord, CA 94520
Administration & Finance:	Wednesday, January 7, 9:00 a.m., County Connection Administrative Offices, 2477 Arnold Industrial Way, Concord, CA
Advisory Committee:	TBA. Location TBD
Marketing, Planning & Legislative:	Thursday, January 8, 8:30 a.m., Supervisor Andersen Office 3338 Mt. Diablo Blvd, Lafayette, CA
Operations & Scheduling:	Friday, January 9, 8:00 a.m., City of Pleasant Hill, 100 Gregory Lane, Pleasant Hill. CA

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

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

**Summary Minutes
Administration & Finance Committee**

**County Connection Administration Office
2477 Arnold Industrial Way
3rd Floor Conference Room
Concord, CA 94520**

Wednesday, December 3rd, 2025 @ 9:00 a.m.

Directors: Sue Noack, Laura Hoffmeister, Don Tatzin
Staff: Bill Churchill, Ruby Horta, Amber Johnson, Andy Smith, John Sanderson,
Karol McCarty

Call to Order: Meeting called to order at 9:02 a.m. by Director Noack.

1. Approval of Agenda

The Committee approved the agenda.

2. Public Communication

None.

3. Selection of Chair

Sue Noack was nominated and accepted the position of Administration & Finance Committee Chair.

4. Approval of Minutes of November 5, 2025

The Committee approved the minutes.

5. Complementary Paratransit Options

Mr. Churchill supplied background on the FTA finding regarding the new interpretation by the Federal Transit Administration (FTA) triennial auditors of existing laws surrounding fixed route fare-free routes having an obligation to offer paratransit service fares equal to 50% of the fixed route fares (in this case, also free). A response to FTA is due February 25, 2026, with analysis and corrective actions outlined.

The Agency currently has seven, fare-free routes on weekdays and four on weekends. Fare subsidies are collected from the City of Walnut Creek for Routes 4 and 5 and from Shadelands Business Park for Route 7.

Staff estimates that the incremental cost for adding paratransit services is around \$2,900 and \$15,900, respectively, and with agreements amendments, it is hoped that these agencies could absorb the additional costs for paratransit services along their routes.

The other seven free-fare routes are subsidized by California's Low Carbon Transit Operations Program (LCTOP) to fund "Monument Free" (Routes 11, 14, 16, 311, 314, and 316) plus Route 99X. Staff analysis suggests that the cost of adding paratransit services to these LCTOP routes would be approximately \$166 thousand per year. There were seven potential funding options outlined in the agenda item. Consensus of the Committee and staff was to impact as few riders as possible while not losing ridership on these routes.

This item will be forwarded to the Board with all options outlined but with a Committee recommendation towards cutting weekend Route 99X service.

6. Fiscal Year 2025 Financial Report and Draft Audited Financial Statements (Information Only)

Ms. Johnson reported on the preliminary financial audit for fiscal year ended June 30, 2025, which is currently in progress. This year's audit timeline delay was impacted by: (1) three, concurrent audits/reviews overlapping with the financial audit; (2) transitioning of the new accounting software data, protocols and reconciliations; and (3) implementation of new GASB standards including GASB 96 (Subscription-based IT Arrangements) and GASB 101 (Compensated Absences).

The preliminary highlights include a decrease of \$6.07 million to a Net Position of \$36.2 million primarily due to depreciation and liability adjustments. Capital Assets totaled \$44.08 million which is down 11% from the prior year due to depreciation. Operating Revenues grew 3%, a result of improved ridership and special transit fees. Non-Operating Revenues increased \$2 million or 5% including a decrease of \$3.83 million in Federal funding which was off set by Transportation Development Act (TDA), Measure J and State funding. Operating Expenses increased by \$3.6 million or 7% impacted by purchased transportation costs (+4%) and changes in pension and OPEB liabilities (+3%).

The audited financial statements will be completed by the end of December and submitted to the State Controller's Office by the regulatory deadline of December 31, 2025. The Federal Single Audit compliance updates have been delayed by the Office of Management and Budget (OMB), but our auditors are confident that the filing deadline of March 31, 2026, will be met.

This item was for informational purposes only.

7. Review of Vendor Bills, October 2025

The Committee reviewed the vendor bills for October 2025.

8. Approval of Legal Services Statement, October 2025 General and Labor

The Committee approved the legal services statements for October 2025 General and Labor.

9. Next Scheduled Meeting

The next meeting is scheduled for Wednesday, January 7th, 2026, at 9:00 a.m.

10. Adjournment

The meeting was adjourned at 9:34 a.m.

Minutes prepared and submitted by: Karol McCarty, Manager of Accounting

Agenda Item # 4

To: Administration & Finance Committee

Date: December 30, 2025

From: Amber Johnson, Chief Financial Officer

Reviewed by:

SUBJECT: Year-End Report and Audited Financial Statements for the Year Ended June 30, 2025

Background:

The Central Contra Costa Transit Authority (Authority) financial audit for the year ended June 30, 2025 (FY 2025), has been completed and the Basic Financial Statements (BFS) and accompanying reports are enclosed for review by the Administration and Finance Committee (Attachments 1 – 3). The auditor’s review of the federal funding allocation data (form FFA-10) for the Federal Transit Administration is still underway and will be presented at a future Committee meeting.

Draft financial statements were presented to the Administration and Finance Committee at the December 2025 meeting. No material changes have been made to the financial statements since the draft presentation.

Basic Financial Statements:

An independent audit was performed by Brown Armstrong Accountancy Corporation. The goal of a financial statement audit is to provide users with a reasonable assurance from an independent source that the information presented in the statements is reliable. The findings are summarized as follows:

- The type of auditor’s report is unmodified (BFS Page 60).
- No material weaknesses, deficiencies, or instances of noncompliance were identified.

The Basic Financial Statements include the Management’s Discussion and Analysis (beginning on Page 4 of BFS) which provides an introduction and summary of the activities over the course of the year. The total net position is \$36,204,396 (Page 6 and 11 of BFS), which is a decrease of \$6,068,105 over the prior year. The following is a summary of the changes in Net Position between June 30, 2025, and June 30, 2024:

- Operating and Capital Reserve – In April 2025, 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, 2025, totaled \$2,916,530 (Page 32 of BFS).

- Fares and Operating Assistance – Passenger revenue and special transit fares increased by \$198 thousand, or 3%, from FY 2024 to FY 2025. Federal operating decreased by about \$3.8 million, as federal stimulus funds were fully expended in the prior year. These variances were offset by increased use of TDA revenue.
- Capital Assets – The Authority’s investment in capital assets amounted to \$44,082,115 as of June 30, 2025, which is a decrease of \$5,366,217 or 11% compared to the prior year due to depreciation. This investment in capital assets includes vehicles, facilities, communication and data equipment, fare revenue collection equipment, furniture, and fixtures, less accumulated depreciation. No major assets were acquired during the fiscal year.
- Deferred Outflow of Resources – Deferred outflow of resources for pension and Other Post Employment Benefits (OPEB) decreased from \$11.1 million to \$6.7 million. Deferred outflow primarily represents pension and OPEB contributions subsequent to the measurement date, and changes to actuarial assumptions that impact future periods.
- Deferred Inflow of Resources – Deferred inflow of resources for pension and OPEB increased from \$1.4 million to \$1.9 million which represents changes in estimates based on actual investment performance, and changes in assumptions that provide additional assets to the pension and retiree medical plans. In particular, the CalPERS pension plan reported a 9.3% return on investment during the reporting period, exceeding meeting the benchmark of 6.8%.
- Due to Other Government, TDA payable – The amount decreased from \$14.4 million to \$11.0 million (Note 13). The Authority’s reliance on TDA revenue was greater in FY 2025 as compared to FY 2024. This caused the unused portion of TDA (the amount payable) to decrease.
- Net pension and OPEB liability – The net OPEB and pension liabilities as of June 30, 2024 (the measurement date) are \$2.1 million (down from \$2.9 million) and \$14.5 million (down from 16.9 million), respectively.

Audit Findings:

There are no audit findings or deficiencies to report this year.

Other Auditor Information:

Page 54-55 of the BFS – Independent Auditor’s Report on State Compliance regarding testing for compliance with TDA laws and internal control based on standards contained in Government Auditing Standards issued by the Comptroller General of the United States. The results of the tests disclosed no instances of noncompliance or material weaknesses.

Page 59 of the BFS – This is the seventh year for the Schedule of Revenues, Expenses and Changes in Net Changes which provides 10 years of revenues, expenses, and net position. Staff will be considering additional schedules in the future to provide the readers with useful information.

Page 60 of the BFS – Schedule of Findings and Questioned Costs from the auditor regarding the compliance with the requirements of the Office of Management and Budget (OMB) Circular A-133. There are no audit findings that are required to be reported to the OMB.

Other Auditor Letters:

- Letter to the Administration and Finance Committee regarding the responsibilities of the auditor and the scope and timing of the audit (SAS 114 Letter - Attachment 2).
- Letter to the Administration and Finance Committee reviewing TDA and STA revenue, diesel fuel and PERS benefits (Attachment 3). The review noted that:
 - TDA and STA revenue allocations were not reduced as compared to funds received the prior year; and
 - The average price per gallon of diesel fuel did not increase by more than 40% as compared to the prior year; and
 - The dollar amount the Authority paid to PERS for non-healthcare benefits did not increase by more than \$1,000,000 as compared to the prior year.

Quarterly Income Statement

There were no changes made to the quarterly income statement previously reviewed by the Committee as a result of the audit. A final version of the statement is included here at Attachment 4.

Financial Implications:

No fiscal impact occurs because of the Committee's acceptance of these reports. The FY 2025 Basic Financial Statements and related reports are presented as the actual results of the Authority's financial activities for the year.

Recommendation:

Staff recommends that the A&F Committee review the reports for approval.

Action Requested:

Staff requests that the A&F Committee forward the audited financial statements, accompanying auditor reports, and final quarterly income statements for the year ended June 30, 2025, to the full Board and recommend their approval.

Attachments:

- Attachment 1: Central Contra Costa Transit Authority Basic Financial Statements for the year-ended June 30, 2025
- Attachment 2: Letter to the Administration and Finance Committee regarding the responsibilities of the auditor and the scope and timing of the audit (SAS 114 Letter)
- Attachment 3: Letter to the Administration and Finance Committee reviewing TDA and STA revenue, diesel fuel and PERS benefits.
- Attachment 4: CCCTA Budget to Actual Income Statements for FY2025 Q4 (Schedules 1 through 5)

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

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

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2025**

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
JUNE 30, 2025**

TABLE OF CONTENTS

	<u>Page</u>
 <u>Financial Section</u>	
Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
 <u>Basic Financial Statements</u>	
Statement of Net Position	11
Statement of Revenues, Expenses, and Changes in Net Position	12
Statement of Cash Flows	13
Notes to Basic Financial Statements	15
 <u>Required Supplementary Information</u>	
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios	40
Schedule of Investment Returns – Pension	43
Schedule of Contributions – Pension	44
Schedule of Changes in the Net Other Postemployment Benefits (OPEB) Liability and Related Ratios	46
Schedule of Investment Returns – OPEB	48
Schedule of Contributions – OPEB	49
 <u>Supplementary Information and Other Reports</u>	
Schedule of Expenditures of Federal Awards	50
Notes to Schedule of Expenditures of Federal Awards	51
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 <i>Government Auditing Standards</i>	52
Independent Auditor’s Report on State Compliance	54
Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	56
 <u>Statistical Section</u>	
Schedule of Revenues, Expenses, and Changes in Net Position – Last 10 Fiscal Years	59
 <u>Findings and Questioned Costs Section</u>	
Schedule of Findings and Questioned Costs	60



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 fiscal year ended June 30, 2025, 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, 2025, and the respective changes in financial position, and cash flows thereof for the fiscal 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 (GAAS) 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 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 management's discussion and analysis and 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 GAAS. 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.

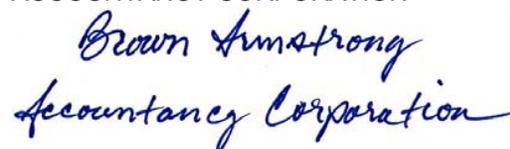
Report on Summarized Comparative Information

We have previously audited the Authority’s June 30, 2024, basic financial statements, and our report dated October 25, 2024, 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, 2024, 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 December 29, 2025, 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



Stockton, California
December 29, 2025



**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Introduction

As management of 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, 2025. 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 230 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 plus deferred outflows of resources and liabilities plus deferred inflows of resources 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 of accounting, 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 \$6,981,676 while operating expenses were \$58,615,077 (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. Additionally, the Board policy on operating and capital reserves 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.

County Connection

Statements of Net Position

A comparison of the Authority's Statements of Net Position as of June 30, 2025 and 2024, is as follows:

	2025	2024	2025 to 2024 Increase/Decrease	
			Amount	%
Current assets	\$ 27,222,570	\$ 26,950,919	\$ 271,651	1%
Noncurrent assets	44,082,115	49,448,332	(5,366,217)	-11%
Total assets	71,304,685	76,399,251	(5,094,566)	-7%
Deferred outflows of resources	6,698,506	11,135,393	(4,436,887)	-40%
Total assets and deferred outflows of resources	\$ 78,003,191	\$ 87,534,644	\$ (9,531,453)	-11%
Current liabilities	\$ 19,768,219	\$ 21,232,186	\$ (1,463,967)	-7%
Noncurrent liabilities	20,119,539	22,620,099	(2,500,560)	-11%
Total liabilities	39,887,758	43,852,285	(3,964,527)	-9%
Deferred inflows of resources	1,911,037	1,409,858	501,179	36%
Net position				
Net investment in capital assets	43,498,764	49,448,332	(5,949,568)	-12%
Unrestricted net position	(7,294,368)	(7,175,831)	(118,537)	-2%
Total net position	36,204,396	42,272,501	(6,068,105)	-14%
Total liabilities, deferred inflows of resources, and net position	\$ 78,003,191	\$ 87,534,644	\$ (9,531,453)	-11%

The Authority's net position decreased \$6,068,105 for a balance of \$36,204,396 as of June 30, 2025. 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 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 postemployment benefit (OPEB) liabilities. The remainder of the Authority's net position is unrestricted and comprises the Authority's reserve account.

County Connection



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 2025 and 2024 is shown in the following table:

	2025	2024 As Restated	2025 to 2024 Increase/Decrease	
			Amount	%
Operating revenues	\$ 6,981,676	\$ 6,783,560	\$ 198,116	3%
Operating expenses	58,615,077	54,999,916	3,615,161	7%
Operating loss	(51,633,401)	(48,216,356)	(3,417,045)	-7%
Nonoperating revenues (expenses)	44,568,574	41,862,569	2,706,005	6%
Capital contributions	996,722	8,390,216	(7,393,494)	-88%
Increase (Decrease) in net position	(6,068,105)	2,036,429	(8,104,534)	-398%
Total net position, beginning of year	42,272,501	40,236,072	2,036,429	5%
Total net position, end of year	\$ 36,204,396	\$ 42,272,501	\$ (6,068,105)	-14%

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/amortization 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, 2025, total operating expenses increased by \$3,615,161 or 7% 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 4% of the total. The remaining 3% of the increase in operating expenses as compared to the prior year is attributable to depreciation and the effect of the recognition of liability changes in the Authority's pension and OPEB plans.

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, 2025, operating revenues increased by \$198,116 or 3% over the prior year. Of this amount, fare revenue increased \$148,805. 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 a nominal increase of \$49,311.

County Connection

Nonoperating revenues consist of revenues not qualifying as operating revenues, such as taxes, grants (that are not equivalent to contracts for services), advertising, and interest revenue. In the fiscal year ended June 30, 2025, nonoperating revenues increased by \$2,091,263 or 5% over the prior fiscal year. Changes to nonoperating revenues from the prior fiscal year are as follows:

Nonoperating Revenues (Expenses)	2025	2024 As Restated	2025 to 2024 Increase / (Decrease)	
			Amount	%
Federal operating assistance	\$ 1,756,980	\$ 5,582,329	\$ (3,825,349)	-69%
State and local operating assistance	40,973,618	34,553,703	6,419,915	19%
Advertising revenue	279,312	343,750	(64,438)	-19%
Interest income	1,447,091	1,101,117	345,974	31%
Interest (expense)	(21,142)	-	(21,142)	-100%
Other revenue	157,443	81,870	75,573	92%
Gain/(Loss) on disposal of capital assets	(24,728)	199,800	(224,528)	-112%
Total Nonoperating Revenues	\$ 44,568,574	\$ 41,862,569	\$ 2,706,005	6%

The largest nonoperating revenue category is state and local operating assistance in the amount of \$40,973,618 in the year ended June 30, 2025. Most of this revenue is provided through the TDA, which returns to the County ¼ cent of the sales tax collected in the County. In fiscal year (FY) 2025, the Authority recognized \$21,762,793 in TDA revenue. 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 \$8,972,266. The third largest state revenue source is State Transit Assistance (STA), which is a sales tax on diesel fuel and provided \$6,690,946.

In addition to state and local assistance, the Authority received \$1,756,980 in federal operating assistance in the year ended June 30, 2025, which is a decrease of \$3,825,349 when compared to the prior year as the Authority claimed all remaining COVID relief funds during fiscal year (FY) 2024. 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/amortization as of June 30, 2025 and 2024, are as follows:

	2025	2024	2025 to 2024 Increase/(Decrease)	
			Amount	%
Land and land improvements	\$ 5,163,065	\$ 5,151,727	\$ 11,338	0%
Construction in process	305,808	21,793	284,015	1303%
Shop, office, other equipment, and service vehicles	5,802,608	5,475,277	327,331	6%
Buildings and structures	20,782,855	22,001,767	(1,218,912)	-6%
Revenue vehicles	80,370,082	80,438,335	(68,253)	0%
Right-to-use subscription assets	801,091	-	801,091	-
Total	113,225,509	113,088,899	136,610	0%
Less accumulated depreciation	(68,947,009)	(63,640,567)	(5,306,442)	-8%
Less right-to-use accumulated amortization	(196,385)	-	(196,385)	-
Net total	\$ 44,082,115	\$ 49,448,332	\$ (5,366,217)	-11%



The Authority's investment in capital assets amounted to \$44,082,115 as of June 30, 2025, which is a decrease of \$5,366,217 or 11% over the prior year, primarily due to depreciation and amortization. This investment in capital assets includes vehicles, facilities, communication and data equipment, fare revenue collection equipment, furniture, and fixtures, less accumulated depreciation/amortization.

No major capital assets were acquired during the fiscal year. Routine additions and deletions to assets resulted in a net increase in total assets of \$136,610.

Noncurrent Liabilities

At June 30, 2025, the Authority's noncurrent liabilities balance was \$20,119,539 compared to \$22,620,099 at June 30, 2024, primarily due to CalPERS investment return of 9.5% in the reporting period, which is more 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 decrease of \$2,443,220. Net OPEB liabilities and self-insurance liabilities decreased by \$842,533 and increased \$366,640, 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 Central Contra Costa Transit Authority operates within Contra Costa County, one of the nine counties in the San Francisco Bay Area. The regional economy in FY 2025 remained resilient despite slowing population growth and persistent uncertainty in national economic policy. The Authority continues to benefit from strong financial reserves and prudent fiscal management, even as inflationary pressures challenge local governments. Sales tax revenues in the county have remained stable overall, supported by a combined rate averaging 8.75% to 10.75% depending on jurisdiction, though growth has been modest compared to pre-pandemic trends.

Bay Area transit systems experienced notable ridership gains during FY 2025, marking continued recovery from pandemic lows. Regional operators reported double-digit increases in the first half of the year, with Caltrain ridership up 50% following electrification and SMART rail up 38%. Ferry services and smaller bus operators also saw strong growth. Larger systems such as BART and Muni posted more modest gains—approximately 6.5% and 4%, respectively—but remain far below pre-pandemic levels, reflecting ongoing shifts in travel patterns and high remote work rates. Despite these improvements, major agencies face structural deficits as emergency federal and state funds near depletion. BART projects a fiscal cliff by 2026, with fare revenue covering only 25% of operating costs, while SFMTA anticipates a \$320 million annual shortfall by FY 2027 without new funding sources. These challenges have prompted regional discussions on long-term funding solutions, including a proposed 2026 ballot measure and a temporary \$750 million state loan program to avert severe service cuts.

During FY 2025 the Authority continued its post-pandemic recovery with steady ridership growth across both fixed-route and paratransit services. Total fixed-route boardings reached approximately 2.7 million, an increase of about 7% compared to the prior year, driven largely by transit-dependent riders, weekend demand, and fare initiatives such as Youth Ride Free. Ridership patterns continued to shift away from traditional commute trips toward local and weekend routes, reflecting broader regional travel trends. Paratransit demand also grew, with passenger trips up roughly 5% and passenger miles traveled increasing by 16%, indicating longer trip lengths. While service reliability was challenged by operator shortages and traffic congestion—resulting in a slight uptick in missed trips—overall productivity improved, supported by technology investments and pilot programs such as Transit Signal Priority. Fare mix continued to evolve, with promotional and institutional programs accounting for a larger share of trips and Clipper adoption remaining strong among fare-paying riders. These trends underscore the Authority's progress in rebuilding ridership while adapting to changing travel behaviors and operational constraints.

County Connection



Current projections indicate sufficient TDA reserves to sustain operations through FY 2028 under existing assumptions. However, a structural deficit persists as operating costs—driven by inflation—continue to outpace revenue growth. This imbalance, coupled with regional fiscal instability, poses a significant risk to long-term service levels. Without new, ongoing funding sources, the Authority will be forced to align service with available resources, potentially reducing mobility options for Contra Costa County residents.

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, 2025 (WITH COMPARATIVE TOTALS)**

	2025	2024 As Restated
ASSETS		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 23,030,258	\$ 20,698,704
Capital and operating grants receivable	1,620,805	3,841,003
Materials and supplies	1,175,276	1,108,288
Other receivables	1,090,253	1,174,722
Prepaid expenses	305,978	128,202
Total Current Assets	27,222,570	26,950,919
Noncurrent Assets		
Capital assets (Note 5)	43,477,409	49,448,332
Right-to-use subscription assets (Note 5)	604,706	-
Total Noncurrent Assets	44,082,115	49,448,332
Total Assets	71,304,685	76,399,251
DEFERRED OUTFLOWS OF RESOURCES (Note 7 and Note 11)		
Other postemployment benefits (OPEB)	1,039,958	1,314,193
Defined benefit pension	5,658,548	9,821,200
Total Deferred Outflows of Resources	6,698,506	11,135,393
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 78,003,191	\$ 87,534,644
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 3,271,110	\$ 2,168,290
Other current liabilities	28,978	23,487
Due to other government, TDA payable (Note 13)	11,005,532	14,438,365
Advances from County of Alameda - STA (Note 6)	100,000	194,195
Advances from customers (Note 6)	54,208	50,273
Advances from LCTOP (Note 6)	297,199	209,924
Advances from MTC (Note 6)	845,652	849,821
Compensated absences (Note 12)	1,639,519	1,461,651
Other accrued liabilities	1,156,571	1,049,486
SBITA liabilities (Note 15)	227,640	-
Self-insurance liabilities (Notes 8 and 12)	1,141,810	786,694
Total Current Liabilities	19,768,219	21,232,186
Noncurrent Liabilities		
Compensated absences (Note 12)	1,131,684	1,068,842
SBITA liabilities (Note 15)	355,711	-
Self-insurance liabilities (Notes 8 and 12)	2,032,851	1,666,211
Net OPEB liability (Note 11)	2,147,900	2,990,433
Net pension liability (Note 7)	14,451,393	16,894,613
Total Noncurrent Liabilities	20,119,539	22,620,099
Total Liabilities	39,887,758	43,852,285
DEFERRED INFLOWS OF RESOURCES (Note 7 and Note 11)		
OPEB	1,319,112	1,139,142
Defined benefit pension	591,925	270,716
Total Deferred Inflows of Resources	1,911,037	1,409,858
NET POSITION		
Net investment in capital assets	43,498,764	49,448,332
Unrestricted	(7,294,368)	(7,175,831)
Total Net Position	36,204,396	42,272,501
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 78,003,191	\$ 87,534,644

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, 2025 (WITH COMPARATIVE TOTALS)

	2025	2024 As Restated
Operating Revenues		
Passenger fares	\$ 3,638,252	\$ 3,489,447
Special transit fees	3,343,424	3,294,113
Total Operating Revenues	6,981,676	6,783,560
Operating Expenses		
Salaries and benefits	29,878,791	28,690,441
Materials and supplies	3,149,763	3,414,796
Services	2,502,507	2,936,310
Purchased transportation	11,340,869	9,910,865
Insurance	1,423,589	1,154,391
Other	261,335	236,763
Utilities	550,716	466,091
Taxes	364,931	379,051
Leases and rentals	59,467	72,266
Defined benefit pension adjustment	2,040,641	1,758,323
OPEB adjustment	(96,834)	(534,729)
Depreciation and amortization	7,139,302	6,515,348
Total Operating Expenses	58,615,077	54,999,916
Operating Loss	(51,633,401)	(48,216,356)
Nonoperating Revenues (Expenses)		
Federal operating assistance	1,756,980	5,582,329
State and local operating assistance	40,973,618	34,553,703
Advertising revenue	279,312	343,750
Interest income	1,447,091	1,101,117
Interest (expense)	(21,142)	-
Other revenue	157,443	81,870
Gain (Loss) on disposal of capital assets	(24,728)	199,800
Total Nonoperating Revenues (Expenses)	44,568,574	41,862,569
Net Loss Before Capital Contributions	(7,064,827)	(6,353,787)
Capital Contributions		
Grants restricted for capital expenses (Note 3)	996,722	8,390,216
Increase (Decrease) in Net Position	(6,068,105)	2,036,429
Total Net Position, Beginning of Year, as Restated	42,272,501	40,236,072
Total Net Position, End of Year	\$ 36,204,396	\$ 42,272,501

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, 2025 (WITH COMPARATIVE TOTALS)**

	2025	2024 As Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 6,975,885	\$ 7,356,148
Payments to employees (salaries and benefits)	(29,100,734)	(26,812,803)
Payments to suppliers	(18,789,630)	(20,126,482)
	<u>(40,914,479)</u>	<u>(39,583,137)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal operating grants	1,672,252	7,370,914
State and local operating grants	39,813,622	26,802,198
Other noncapital revenue	436,755	425,620
	<u>41,922,629</u>	<u>34,598,732</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	-	199,800
Loss from disposal of capital assets	-	-
Principal payments on IT subscription	(217,740)	-
Interest payments on IT subscription	(21,142)	-
Capital grants received	1,111,917	25,380,780
Capital asset purchases	(996,722)	(21,161,000)
	<u>(123,687)</u>	<u>4,419,580</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	1,447,091	1,101,117
	<u>2,331,554</u>	<u>536,292</u>
Net Increase in Cash and Cash Equivalents	<u>2,331,554</u>	<u>536,292</u>
Cash and Cash Equivalents, Beginning of Year	<u>20,698,704</u>	<u>20,162,412</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 23,030,258</u></u>	<u><u>\$ 20,698,704</u></u>

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, 2025 (WITH COMPARATIVE TOTALS)

	<u>2025</u>	<u>2024</u> As Restated
Operating Loss	\$ (51,633,401)	\$ (48,216,356)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation/amortization	7,139,302	6,515,348
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Decrease in receivables	84,469	378,393
(Increase) in materials and supplies	(66,988)	(128,821)
(Increase) in prepaid expenses	(177,776)	(36,928)
Increase (Decrease) in accounts payable	1,079,333	(1,390,200)
Increase in net pension liability and related items	2,040,641	1,758,323
(Decrease) in net OPEB liability and related items	(388,328)	(534,729)
Increase (Decrease) in advances from customers	(90,260)	194,195
Increase in other liabilities and compensated absences	1,098,529	1,877,638
Net Cash Used in Operating Activities	<u>\$ (40,914,479)</u>	<u>\$ (39,583,137)</u>

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

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 \$996,722 for the fiscal year ended June 30, 2025.

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/amortization 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 Revenues and Expenses

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Authority’s 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/amortization 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, 2025, 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/amortized 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/amortization 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/amortization 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 fiscal 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 fiscal 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

The Authority reports compensated absences in accordance with GASB Statement No. 101, *Compensated Absences*. Employees earn vacation, sick leave, and other leave benefits based on services already rendered, and these benefits accumulate for future use or payment. A liability is recognized for leave that has been earned but not yet taken when (1) the leave is attributable to services already provided, (2) the leave accumulates, (3) the leave can be used for time off or otherwise paid or settled, and (4) the leave is more likely than not to be used or paid. The liability is measured using the pay rates in effect as of the reporting date and includes salary-related benefits. Compensated absences expected to be paid within one year are reported as a current liability; the remainder is reported as a noncurrent liability.

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)

STA funds are generated by the state's sales tax on diesel fuel. 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. All federal funding sources are distributed by FTA after approval by the MTC.

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. Subscription-Based Information Technology Arrangements (SBITAs)

The Authority has recorded right-to-use subscription assets as a result of implementing GASB Statement No. 96. The right-to-use subscription assets are initially measured at an amount equal to the initial measurement of the related SBITAs liability plus any SBITAs payments made prior to the SBITA term, less SBITA incentives, and plus ancillary charges necessary to place the SBITAs into service. The right-to-use subscription assets are intangible capital assets and are amortized on a straight-line basis over the life of the related SBITA.

N. New Accounting Pronouncements

During the fiscal year ended June 30, 2025, the Authority implemented the following GASB Statements:

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements (SBITAs)*. The requirements of this statement are effective for reporting period beginning after June 15, 2022. The Authority implemented GASB Statement No. 96 during the fiscal year ended June 30, 2025. Adoption of this standard required recognition of right-to-use subscription assets and the related SBITAs liability. See Note 5 for the related disclosure of right-to-use subscription assets and Note 15 for SBITAs liability.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. New Accounting Pronouncements (Continued)

GASB Statement No 101 – *Compensated Absences*. The requirements of this statement are effective for reporting periods beginning after December 15, 2023. The Authority implemented GASB Statement No. 101 during the fiscal year ended June 30, 2025. Adoption of this standard required recognition of a liability for compensated absences, including sick leave, when earned rather than when taken or paid. See Note 12 for related disclosure of compensated absences and Note 16 for information regarding the prior fiscal year restatement resulting from adoption of this standard.

GASB Statement No. 102 – *Certain Risk Disclosures*. The requirements of this statement are effective for reporting periods beginning after June 15, 2024. The Authority’s net position was not impacted as a result of the adoption of this standard.

Released GASB Statements to be implemented in future financial statements are as follows:

GASB Statement No. 103 – *Financial Reporting Model Improvements*. The requirements of this statement are effective for reporting periods beginning after June 15, 2025. The Authority has not fully judged the impact of this standard on the financial statements.

GASB Statement No. 104 – *Disclosure of Certain Capital Assets*. The requirements of this statement are effective for the reporting periods beginning after June 15, 2025. The Authority has not fully judged the impact of implementation of this standard on the financial statements.

O. Subsequent Events

Subsequent events were evaluated through December 29, 2025, which is the date the basic financial statements were available to be issued.

Subsequent to June 30, 2025, the Board of Directors authorized the purchase of ten buses for use in transportation operations. No purchase contract had been executed as of the fiscal year-end. The estimated cost of the buses is approximately \$7.71 million. This event did not result in any adjustment to the financial statements.

NOTE 2 – CASH AND CASH EQUIVALENTS

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

Cash on hand	\$ 450
Cash in banks	1,321,051
Investments	21,397,060
Clearing accounts	<u>311,697</u>
	<u><u>\$ 23,030,258</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, 2025, 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 248 days as of June 30, 2025.

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 must initiate a transaction with LAIF (either by telephone or secure web 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	\$ 21,397,060	\$ 21,397,060	\$ -	\$ -	\$ -

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 fiscal 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	\$ 21,397,060	N/A	\$ -	\$ -	\$ -	\$ 21,397,060

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: \$1,185,249 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, 2025.

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, 2025.

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	\$ 20,658
State grants	-
TDA (local transportation grants)	<u>976,064</u>
Total Capital Assistance	<u>\$ 996,722</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 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, 2025, was \$76,856 and \$1,531,375, respectively. For the fiscal year ended June 30, 2025, the Authority's maximum TDA assistance eligibility was \$22,842,082.

During the fiscal year ended June 30, 2025, the Authority earned \$8,972,266 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, 2025, the Authority earned \$149,693 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 \$9,009,577, 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) of \$1,756,980. These Section 5307 funds are apportioned to the local urbanized area and allocated to individual transit operators by the MTC after FTA approval. Expenses of federal operating assistance funds are subject to final audit and approval by the MTC and the FTA.

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION/AMORTIZATION

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

	Balance June 30, 2024 As Restated	Reclassifications and Additions	Reclassifications and Deletions	Balance June 30, 2025
Capital Assets Not Being Depreciated:				
Construction in process	\$ 21,793	\$ 284,014	\$ -	\$ 305,807
Land	2,704,785	-	-	2,704,785
Total Capital Assets Not Being Depreciated	2,726,578	284,014	-	3,010,592
Capital Assets Being Depreciated:				
Administrative buildings	6,602,962	56,872	(44,535)	6,615,299
Maintenance buildings	10,735,189	87,369	(629,561)	10,192,997
Passenger stations	6,440,576	-	(689,058)	5,751,518
Revenue vehicles	80,438,335	90,637	(158,891)	80,370,081
Service vehicles	614,677	268,078	(32,854)	849,901
Fare collection equipment	497,552	-	(49,952)	447,600
Communication/information systems	2,586,089	198,414	(56,354)	2,728,149
Land Improvements	2,446,941	11,338	-	2,458,279
Total Capital Assets Being Depreciated	110,362,321	712,708	(1,661,205)	109,413,824
Less Accumulated Depreciation for:				
Administrative buildings	6,113,053	130,177	(44,535)	6,198,695
Maintenance buildings	8,572,382	365,515	(606,243)	8,331,654
Passenger stations	3,779,345	283,942	(687,920)	3,375,367
Revenue vehicles	39,450,107	5,903,359	(158,893)	45,194,573
Service vehicles	525,829	74,625	(32,854)	567,600
Fare collection equipment	497,552	-	(49,952)	447,600
Communication/information systems	2,354,760	158,582	(56,080)	2,457,262
Land Improvements	2,347,539	26,717	-	2,374,256
Total Accumulated Depreciation	63,640,567	6,942,917	(1,636,477)	68,947,007
Total Capital Assets Being Depreciated, Net	46,721,754	(6,230,209)	(24,728)	40,466,817
Total Capital Assets, Net	\$ 49,448,332	\$ (5,946,195)	\$ (24,728)	\$ 43,477,409
Right-To-Use Subscription Assets Being Amortized:				
Communication/information systems	\$ -	\$ 801,091	\$ -	\$ 801,091
Total Right-To-Use Subscription Assets Being Amortized	-	801,091	-	801,091
Less Accumulated Amortization for:				
Communication/information systems	-	196,385	-	196,385
Total Accumulated Amortization	-	196,385	-	196,385
Total Right-To-Use Subscription Assets Being Amortized, Net	\$ -	\$ 604,706	\$ -	\$ 604,706

Depreciation expense for the fiscal year ended June 30, 2025, was \$6,942,917. Amortization expense for the fiscal year ended June 30, 2025, was \$196,385.

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.

NOTE 6 – ADVANCES (Continued)

The Authority had received the following allocations which are considered to be unearned revenue as of June 30, 2025:

Advances from LCTOP	\$ 297,199
Advances from the MTC	845,652
Advances from Customers	54,208
Advances from County of Alameda - STA	<u>100,000</u>
Total Advances	<u><u>\$ 1,297,059</u></u>

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, 2025, are summarized as follows:

Hire Date	<u>Miscellaneous</u>	
	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
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	9.770%	9.770%

NOTE 7 – EMPLOYEES’ RETIREMENT PENSION PLAN (Continued)

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

Employees Covered – As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the Plan:

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

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 fiscal year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2022 (the measurement date), the classic (prior to January 1, 2013) active employee contribution rate is 7.000% of annual pay, the PEPRA (on or after January 1, 2013) active employee contribution rate is 8.250% of annual pay, and the employer’s contribution rate is 9.770% 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, 2024, using an annual actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

NOTE 7 – EMPLOYEES’ RETIREMENT PENSION PLAN (Continued)

B. Net Pension Liability (Continued)

Actuarial Assumptions – The total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
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, 2023, 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.

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, 2025, 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.

NOTE 7 – EMPLOYEES’ RETIREMENT PENSION PLAN (Continued)

B. Net Pension Liability (Continued)

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	<u>100.00%</u>	

^(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, 2025, the annual money-weighted rate of return on investments, net of investment expenses, was 9.5%. 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, 2023 (Measurement Date)	\$ 125,539,216	\$ 108,644,603	\$ 16,894,613
Changes in the year:			
Service Cost	2,820,947	-	2,820,947
Interest on the Total Pension Liability	8,491,268	-	8,491,268
Differences between Expected and Actual Experience	(758,836)	-	(758,836)
Changes of Assumptions	-	-	-
Changes of Benefit Terms	-	-	-
Net Plan to Plan Resource Movement	-	-	-
Contribution - Employer	-	1,634,372	(1,634,372)
Contribution - Employee (Paid by Employer)	-	398,715	(398,715)
Contribution - Employee	-	864,949	(864,949)
Net Investment Income	-	10,186,967	(10,186,967)
Administrative Expenses	-	(88,404)	88,404
Other Miscellaneous Income/(Expense)	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(6,258,013)	(6,258,013)	-
Net Changes	4,295,366	6,738,586	(2,443,220)
Balance at June 30, 2024 (Measurement Date)	\$ 129,834,582	\$ 115,383,189	\$ 14,451,393

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	\$ 30,738,839	\$ 14,451,393	\$ 837,272

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, 2025, the Authority recognized a defined benefit pension adjustment of \$2,040,641. At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 3,063,421	\$ -
Changes of Assumptions	269,492	-
Differences between Expected and Actual Experience	487,542	591,925
Net Differences between Projected and Actual Earnings on Plan Investments	<u>1,838,093</u>	<u>-</u>
Total	<u>\$ 5,658,548</u>	<u>\$ 591,925</u>

\$3,063,421 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ 313,040
2026	2,710,292
2027	(457,122)
2028	(563,008)
2029	-
Thereafter	<u>-</u>
Total	<u>\$ 2,003,202</u>

E. Payable to the Pension Plan

No amounts were payable to the pension plan at June 30, 2025.

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 \$706,013 at June 30, 2025, 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 \$2,468,648 at June 30, 2025, 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, 2025, this fund, including accrued interest, totaled \$1,745,336.

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, 2025, totaled \$706,013, and for the workers' compensation totaled \$2,468,648.

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 TDA funds that were allocated to the Authority but not claimed in the same fiscal year of allocation. These funds are reserved and held by the 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, 2025, totaled \$2,916,530.

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

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the OPEB Plan:

Retirees and survivors currently receiving benefits	67
Active employees	200
Total	267

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

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 fiscal year, with contributions comprised of direct payments to insurers toward retiree premiums, each current fiscal 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, 2024, 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, 2024
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	5.50%
Discount Rate	5.50%
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 and to develop the UAAL amortization of the Actuarially Determined Contributions.
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. The increases over the prior year’s level 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
2025	6.5%	2044-2049	4.7%
2026	6.0%	2050-2059	4.6%
2027	5.5%	2060-2065	4.5%
2028	5.4%	2066-2067	4.4%
2029	5.3%	2068-2069	4.3%
2030	5.2%	2070	4.2%
2031	5.1%	2071-2072	4.1%
2032-2037	5.0%	2073-2074	4.0%
2038-2039	4.9%	2075 & later	3.9%

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	Moderately Conservative Allocation	Expected Returns	
		Years 1-5	Years 1-30
US Large Cap Equity	17.10%	7.00%	7.20%
US Small Cap Equity	0.90%	7.90%	7.90%
Int'l. Developed Equity	6.80%	6.90%	6.90%
Emerging Markets Equity	2.20%	7.40%	7.40%
REITs	1.50%	7.20%	7.00%
Listed Infrastructure	1.50%	6.80%	7.40%
Core Bonds	63.0%	4.50%	5.00%
High Yield	5.00%	6.00%	6.10%
Cash	2.00%	3.30%	2.90%
Total	<u>100%</u>		

Annual Money-Weighted Return

For the fiscal year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expenses, was 9.60%. 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 5.50%. 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 (Measurement Date)	\$ 8,092,844	\$ 5,102,411	\$ 2,990,433
Changes in the Year:			
Service Cost	348,618	-	348,618
Interest	387,989	-	387,989
Expected Investment Income	-	244,873	(244,873)
CCCTA Contributions	-	588,070	(588,070)
Benefit Payments	(372,774)	(372,774)	-
Assumption Changes	(655,123)	-	(655,123)
Plan Experience	-	-	-
Investment Experience	-	91,074	(91,074)
Net Changes	(291,290)	551,243	(842,533)
Balance at June 30, 2024 (Measurement Date)	\$ 7,801,554	\$ 5,653,654	\$ 2,147,900

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 (4.50%) or one percentage point higher (6.50%), follows:

	1% Decrease 4.50%	Discount Rate 5.50%	1% Increase 6.50%
Net OPEB Liability	\$ 2,980,974	\$ 2,147,900	\$ 1,441,881

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	\$ 1,628,896	\$ 2,147,900	\$ 2,870,213

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, 2025, the Authority recognized an OPEB adjustment of \$96,834. At June 30, 2025, 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	\$ 189,440	\$ 1,043,843
Differences Between Expected and Actual Experience	-	275,269
Net Difference Between Projected and Actual Earnings on Investments	245,826	-
Contributions Made Subsequent to the Measurement Date	<u>604,692</u>	<u>-</u>
Total	<u>\$ 1,039,958</u>	<u>\$ 1,319,112</u>

The \$604,692 reported as a deferred outflow of resources related to contributions subsequent to the June 30, 2024 measurement date will be recognized as a reduction to the net OPEB liability during the fiscal year ended June 30, 2026.

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>
2026	\$ (208,128)
2027	4,810
2028	(176,176)
2029	(209,161)
2030	(190,947)
Thereafter	<u>(104,244)</u>
Total	<u>\$ (883,846)</u>

NOTE 12 – CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities at June 30, 2025, follows:

	Balance June 30, 2024 As Restated	Additions	Deductions	Balance June 30, 2025	Due Within One Year
Self-Insurance Liabilities	\$ 2,452,905	\$ 2,119,709	\$ 1,397,953	\$ 3,174,661	\$ 1,141,810
Compensated Absences ⁽¹⁾	2,530,493	1,975,817	1,735,107	2,771,203	1,639,519
SBITA Liability	-	801,091	217,740	583,351	227,640
Totals	<u>\$ 4,983,398</u>	<u>\$ 4,896,617</u>	<u>\$ 3,350,800</u>	<u>\$ 6,529,215</u>	<u>\$ 3,008,969</u>

⁽¹⁾ Prior fiscal year balances were restated for the implementation of GASB Statement No. 101, *Compensated Absences*. This restatement is reported as a change in accounting principle in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*. See also Note 16 for additional information regarding the restatement of prior fiscal year net position.

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, 2025. 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:

	<u>2025</u>
LTF Allocations for Public Transportation Services:	
99260(a)	\$ 27,613,208
Less: applicable expenses	<u>(21,762,793)</u>
Unused portion to revert back to (balance due to) the County's LTF (Current Year)	<u>5,850,415</u>
Prior year unused portion not returned	<u>6,302,223</u>
Prior period adjustment	<u>(1,147,106)</u>
Total Unused Portion to Revert Back to the County's LTF	<u>11,005,532</u>
LTF Allocations for Community Transit Services:	
99275 and 99260(a)	1,079,293
Less: applicable expenses	<u>(1,079,293)</u>
Unused portion to revert back to the County's LTF	<u>-</u>
Total Due Back to the County's LTF	<u>\$ 11,005,532</u>

NOTE 14 – EMPLOYEE BENEFITS – DEFERRED COMPENSATION PLAN

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

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

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

NOTE 15 – SUBSCRIPTIONS

The Authority has adopted GASB Statement No. 96 which introduced changes in the recognition, measurement, and reporting of Subscription-Based Information Technology Arrangements (SBITAs). The Authority identified one SBITA for a Transit Data Tracking application with a term of three years. The value of the SBITA asset as of the end of the current fiscal year was \$801,091 and had accumulated amortization of \$196,385. As of June 30, 2025, the value of the SBITA liability was \$583,351.

The future principal and interest payments for SBITA as of June 30, 2025, were as follows:

For the Year Ending June 30,	Principal	Interest
2026	\$ 227,640	\$ 11,697
2027	248,369	4,242
2028	107,342	501
Total	<u>\$ 583,351</u>	<u>\$ 16,440</u>

NOTE 16 – RESTATEMENT OF PRIOR PERIOD NET POSITION

During fiscal year 2025, the Authority implemented GASB Statement No. 101, *Compensated Absences*, which requires governments to recognize a liability for certain types of compensated absences when the benefits are earned rather than when leave is taken or paid.

As a result of this implementation, certain liability balances were reclassified, these adjustments had no impact on beginning net position, and no prior-period revenues or expenses were affected. The June 30, 2024, ending net position had net zero effect. The compensated absences were increased by \$1,147,106 and due to other governments, TDA payable were reduced by \$1,147,106. Accordingly, the 2024 comparative amounts presented in these financial statements have been restated to allow for year-over-year comparison. This restatement is reported as a change in accounting principle in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*.

NOTE 16 – RESTATEMENT OF PRIOR PERIOD NET POSITION (Continued)

The effect of the restatement is summarized below:

Net position, June 30, 2024 (as previously reported)	\$ 42,272,501
Restatement for implementation of GASB Statement No. 101	<u>-</u>
Net position, June 30, 2024 (as restated)	<u>\$ 42,272,501</u>

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS
AS OF JUNE 30, 2025
LAST 10 FISCAL YEARS

Measurement Period	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Total Pension Liability					
Service Cost	\$ 2,820,947	\$ 2,570,696	\$ 2,497,734	\$ 2,318,458	\$ 2,334,896
Interest on Total Pension Liability	8,491,268	8,203,042	7,777,960	7,595,094	7,294,049
Changes of Benefit Terms	-	162,920	-	-	-
Changes of Assumptions	-	-	2,290,688	-	-
Differences between Expected and Actual Experience	(758,836)	1,300,110	(596,908)	(772,818)	(68,868)
Benefit Payments, Including Refunds of Employee Contributions	<u>(6,258,013)</u>	<u>(5,667,688)</u>	<u>(5,561,530)</u>	<u>(4,834,432)</u>	<u>(4,440,542)</u>
Net Change in Total Pension Liability	4,295,366	6,569,080	6,407,944	4,306,302	5,119,535
Total Pension Liability - Beginning	<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>
Total Pension Liability - Ending (a)	<u>\$ 129,834,582</u>	<u>\$ 125,539,216</u>	<u>\$ 118,970,136</u>	<u>\$ 112,562,192</u>	<u>\$ 108,255,890</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 1,634,372	\$ 2,274,647	\$ 2,030,958	\$ 1,799,854	\$ 1,590,639
Contributions - Employee (Paid by Employer)	398,715	372,230	369,411	408,586	408,586
Contributions - Employee	864,949	787,102	677,462	617,163	690,196
Net Investment Income (Loss)	10,186,967	6,363,617	(8,496,317)	21,410,686	4,664,610
Benefit Payments, Including Refunds of Employee Contributions	(6,258,013)	(5,667,688)	(5,561,530)	(4,834,432)	(4,440,542)
Administrative Expenses	(88,404)	(76,912)	(72,039)	(96,236)	(131,892)
Other Miscellaneous Income/(Expense)*	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	6,738,586	4,052,996	(11,052,055)	19,305,621	2,781,597
Plan Fiduciary Net Position - Beginning**	<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>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 115,383,189</u>	<u>\$ 108,644,603</u>	<u>\$ 104,591,607</u>	<u>\$ 115,643,662</u>	<u>\$ 96,338,041</u>
Net Pension Liability (Asset) [(a) - (b)]	<u>\$ 14,451,393</u>	<u>\$ 16,894,613</u>	<u>\$ 14,378,529</u>	<u>\$ (3,081,470)</u>	<u>\$ 11,917,849</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.87%	86.54%	87.91%	102.74%	88.99%
Covered Payroll***	\$ 16,410,397	\$ 15,166,349	\$ 14,727,203	\$ 14,890,548	\$ 15,073,568
Net Pension Liability (Asset) as a Percentage of Covered Payroll	88.06%	111.40%	97.63%	-20.69%	79.06%

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, 2025
LAST 10 FISCAL YEARS

Measurement Period	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Total Pension Liability					
Service Cost	\$ 2,340,898	\$ 2,257,838	\$ 2,337,306	\$ 1,945,766	\$ 1,918,011
Interest on Total Pension Liability	6,932,405	6,570,234	6,322,423	6,022,970	5,722,716
Changes of Benefit Terms	-	-	-	-	-
Changes of Assumptions	-	(660,476)	5,271,395	-	(1,429,806)
Differences between Expected and Actual Experience	25,006	(932,669)	(516,597)	(800,944)	(576,058)
Benefit Payments, Including Refunds of Employee Contributions	<u>(3,846,430)</u>	<u>(3,812,132)</u>	<u>(3,309,790)</u>	<u>(3,141,095)</u>	<u>(2,716,414)</u>
Net Change in Total Pension Liability	5,451,879	3,422,795	10,104,737	4,026,697	2,918,449
Total Pension Liability - Beginning	<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>
Total Pension Liability - Ending (a)	<u>\$ 103,136,355</u>	<u>\$ 97,684,476</u>	<u>\$ 94,261,681</u>	<u>\$ 84,156,944</u>	<u>\$ 80,130,247</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 1,424,384	\$ 1,158,215	\$ 1,070,201	\$ 1,272,683	\$ 947,246
Contributions - Employee (Paid by Employer)	449,362	586,800	527,557	491,555	432,811
Contributions - Employee	596,997	470,086	469,913	506,311	515,306
Net Investment Income (Loss)	5,804,423	6,979,197	8,507,531	460,130	1,698,644
Benefit Payments, Including Refunds of Employee Contributions	<u>(3,846,430)</u>	<u>(3,812,132)</u>	<u>(3,309,790)</u>	<u>(3,141,095)</u>	<u>(2,716,414)</u>
Administrative Expenses	(63,649)	(131,190)	(113,741)	(47,229)	(87,217)
Other Miscellaneous Income/(Expense)*	<u>207</u>	<u>(249,340)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	4,365,294	5,001,636	7,151,671	(457,645)	790,376
Plan Fiduciary Net Position - Beginning**	<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>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 93,556,444</u>	<u>\$ 89,191,150</u>	<u>\$ 84,189,514</u>	<u>\$ 77,037,843</u>	<u>\$ 77,495,488</u>
Net Pension Liability (Asset) [(a) - (b)]	<u>\$ 9,579,911</u>	<u>\$ 8,493,326</u>	<u>\$ 10,072,167</u>	<u>\$ 7,119,101</u>	<u>\$ 2,634,759</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.71%	91.31%	89.31%	91.54%	96.71%
Covered Payroll***	\$ 15,239,229	\$ 14,673,672	\$ 14,786,527	\$ 13,915,228	\$ 13,613,535
Net Pension Liability (Asset) as a Percentage of Covered Payroll	62.86%	57.88%	68.12%	51.16%	19.35%

**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, 2025
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 Statement No. 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 using 2.80% payroll growth assumption for fiscal years ended June 30, 2022, 2023, and 2024; 2.75% payroll growth assumption for fiscal years ended June 30, 2018, 2019, 2020, and 2021; 3.00% payroll growth assumption for fiscal years ended June 30, 2015, 2016, and 2017.

Benefit changes: There were no benefit changes in 2024. Effective with the June 30, 2022 valuation date (2023 measurement date), 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, Senate Bill (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 2024 or 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 6.90% for measurement dates 2022 through 2024, 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, 2025
LAST 10 FISCAL YEARS**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	9.5%	6.1%	-7.5%	22.4%	5.0%
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	6.5%	11.2%	11.2%	0.5%	2.2%

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CONTRIBUTIONS – PENSION
AS OF JUNE 30, 2025
LAST 10 FISCAL YEARS**

Fiscal Year Ended June 30	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially Determined Contributions	\$ 1,634,372	\$ 2,274,647	\$ 2,030,958	\$ 1,799,854	\$ 1,590,639
Contributions in Relation to the Actuarially Determined Contributions	<u>(1,634,372)</u>	<u>(2,274,647)</u>	<u>(2,030,958)</u>	<u>(1,799,854)</u>	<u>(1,590,639)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
Covered Payroll*	\$ 16,410,397	\$ 15,166,349	\$ 14,727,203	\$ 14,890,548	\$ 15,073,568
Contributions as a Percentage of Covered Payroll	9.96%	15.00%	13.79%	12.09%	10.55%
Fiscal Year Ended June 30	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contributions	\$ 1,424,384	\$ 1,158,215	\$ 1,070,201	\$ 1,272,683	\$ 947,246
Contributions in Relation to the Actuarially Determined Contributions	<u>(1,424,384)</u>	<u>(1,158,215)</u>	<u>(1,070,201)</u>	<u>(1,272,683)</u>	<u>(947,246)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
Covered Payroll*	\$ 15,239,229	\$ 14,673,672	\$ 14,786,527	\$ 13,915,228	\$ 13,613,535
Contributions as a Percentage of Covered Payroll	9.35%	7.89%	7.24%	9.15%	6.96%

Notes to Schedule:

- * Covered Payroll represented above is based on pensionable earnings provided by the employer. Payroll was assumed to increase using 2.80% payroll growth assumption for fiscal years ended June 30, 2022, 2023, and 2024; 2.75% payroll growth assumption for fiscal years ended June 30, 2018, 2019, 2020, and 2021; 3.00% payroll growth assumption for fiscal years ended June 30, 2015, 2016, and 2017.

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
 AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
 SCHEDULE OF CONTRIBUTIONS – PENSION (Continued)
 AS OF JUNE 30, 2025
 LAST 10 FISCAL YEARS**

The actuarial methods and assumptions used to set the actuarially determined contributions for the Authority’s fiscal year ending June 30, 2024, were derived from the June 30, 2021 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	2.30%
Projected salary increases	Varies by entry age and service.
Payroll growth	2.80%
Investment rate of return	6.80% (Net of Pension Plan Investment and Administrative Expenses; includes Inflation)
Retirement age	The probabilities of retirement are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.
Mortality	The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 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, 2025
LAST 10 FISCAL YEARS***

Measurement Period	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
Total OPEB Liability				
Service Cost	\$ 348,618	\$ 323,596	\$ 314,171	\$ 328,799
Interest on the Total OPEB Liability	387,989	406,796	390,857	390,119
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	-	(21,120)	-	(184,833)
Changes in Assumptions	(655,123)	(671,836)	-	417,022
Benefit Payments	<u>(372,774)</u>	<u>(370,232)</u>	<u>(387,567)</u>	<u>(327,048)</u>
Net Change in Total OPEB Liability	(291,290)	(332,796)	317,461	624,059
Total OPEB Liability - Beginning	<u>8,092,844</u>	<u>8,425,640</u>	<u>8,108,179</u>	<u>7,484,120</u>
Total OPEB Liability - Ending (a)	<u><u>\$ 7,801,554</u></u>	<u><u>\$ 8,092,844</u></u>	<u><u>\$ 8,425,640</u></u>	<u><u>\$ 8,108,179</u></u>
OPEB Plan Fiduciary Net Position				
Net Investment Income (Loss)	\$ 335,947	\$ 532,189	\$ (567,544)	\$ 496,621
Contributions - Employer	588,070	157,059	563,588	546,415
Benefit Payments	(372,774)	(370,232)	(387,567)	(327,048)
Administrative Expenses	-	-	-	-
Net Change in OPEB Plan Fiduciary Net Position	551,243	319,016	(391,523)	715,988
OPEB Plan Fiduciary Net Position - Beginning	<u>5,102,411</u>	<u>4,783,395</u>	<u>5,174,918</u>	<u>4,458,930</u>
OPEB Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 5,653,654</u></u>	<u><u>\$ 5,102,411</u></u>	<u><u>\$ 4,783,395</u></u>	<u><u>\$ 5,174,918</u></u>
Net OPEB Liability [(a) - (b)]	<u><u>\$ 2,147,900</u></u>	<u><u>\$ 2,990,433</u></u>	<u><u>\$ 3,642,245</u></u>	<u><u>\$ 2,933,261</u></u>
OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	72.47%	63.05%	56.77%	63.82%
Covered Payroll	\$ 16,804,066	\$ 15,867,493	\$ 15,287,627	\$ 14,326,765
Net OPEB Liability as a Percentage of Covered Payroll	12.78%	18.85%	23.82%	20.47%

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 CHANGES IN THE NET OTHER POSTEMPLOYMENT
BENEFITS (OPEB) LIABILITY AND RELATED RATIOS (Continued)
JUNE 30, 2025
LAST 10 FISCAL YEARS***

Measurement Period	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability				
Service Cost	\$ 318,449	\$ 331,211	\$ 320,785	\$ 350,850
Interest on the Total OPEB Liability	369,885	406,509	385,114	482,126
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	-	(1,357,116)	-	(1,408,629)
Changes in Assumptions	-	205,894	-	(994,873)
Benefit Payments	<u>(276,823)</u>	<u>(306,893)</u>	<u>(286,733)</u>	<u>(316,489)</u>
Net Change in Total OPEB Liability	411,511	(720,395)	419,166	(1,887,015)
Total OPEB Liability - Beginning	<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>\$ 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 (Loss)	\$ 215,873	\$ 224,930	\$ 80,538	\$ 111,685
Contributions - Employer	529,577	606,839	588,345	748,139
Benefit Payments	(276,823)	(306,893)	(286,733)	(316,489)
Administrative Expenses	-	-	(1,550)	-
Net Change in OPEB Plan Fiduciary Net Position	468,627	524,876	380,600	543,335
OPEB Plan Fiduciary Net Position - Beginning	<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>\$ 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>\$ 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	59.58%	56.42%	44.47%	41.83%
Covered Payroll	\$ 15,543,046	\$ 15,503,972	\$ 14,836,604	\$ 12,531,658
Net OPEB Liability as a Percentage of Covered Payroll	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, 2025
LAST 10 YEARS***

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	9.60%	7.13%	4.05%	-10.42%
	<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	11.76%	6.23%	7.16%	9.38%

Notes to Schedule:

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

SUPPLEMENTARY INFORMATION AND OTHER REPORTS

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

<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:				
FY23 5307 TPI Transit Corridors Study	20.507	CA-2024-144-00	\$ -	\$ 166,604
FY24 5307 Formula Grant for Paratransit Operations		CA-2024-152-00	-	<u>1,590,376</u>
Subtotal Federal Transit Cluster			<u>-</u>	<u>1,756,980</u>
Indirect:				
<i>Passed Through Metropolitan Transportation Commission</i>				
FTA FY15 Section 5339 Bus and Bus Facilities	20.507	CA-34-0032	<u>-</u>	<u>20,658</u>
Total U.S. Department of Transportation / FTA			<u>-</u>	<u>1,777,638</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 1,777,638</u>

See accompanying notes to schedule of expenditures of federal awards.

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal financial assistance programs of 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.



www.ba.cpa
661-324-4971

**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 Central Contra Costa Transit Authority (the Authority) as of and for the fiscal year ended June 30, 2025, and related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 29, 2025.

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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive style and is positioned below the printed name of the firm.

Stockton, California
December 29, 2025



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 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 fiscal year ended June 30, 2025.

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 counties 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 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.

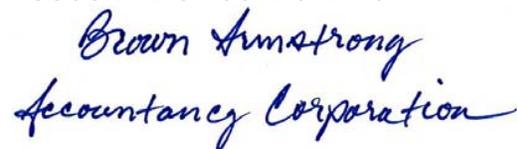
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require 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, 2025.

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
December 29, 2025



www.ba.cpa
661-324-4971

**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, 2025. 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, 2025.

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 (GAAS); 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 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
December 29, 2025

STATISTICAL SECTION

**CENTRAL CONTRA COSTA TRANSIT AUTHORITY
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
JUNE 30, 2025
LAST 10 FISCAL YEARS**

	2025	2024 As Restated	2023	2022	2021	2020	2019	2018 As Restated	2017	2016
Operating Revenues										
Passenger fares	\$ 3,638,252	\$ 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
Special transit fees	3,343,424	3,294,113	2,377,427	1,620,037	350,308	1,652,117	1,833,494	1,635,867	1,480,747	1,440,678
Total Operating Revenues	6,981,676	6,783,560	5,556,502	3,837,899	1,698,345	4,695,829	5,216,683	4,857,447	4,756,711	4,990,622
Operating Expenses										
Salaries and benefits	29,878,791	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
Materials and supplies	3,149,763	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
Services	2,502,507	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
Purchased transportation	11,340,869	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
Insurance	1,423,589	1,154,391	909,275	802,032	957,458	790,287	763,534	722,556	676,984	685,551
Other	261,335	236,763	735,759	180,176	73,552	147,590	189,045	202,460	210,422	305,691
Utilities	550,716	466,091	406,341	389,068	348,434	365,131	366,642	356,151	320,063	284,645
Taxes	364,931	379,051	340,748	415,987	228,805	237,192	217,950	226,116	184,435	193,913
Leases and rentals	59,467	72,266	52,866	57,332	60,409	60,444	53,508	42,499	48,466	44,983
Defined benefit pension adjustment	2,040,641	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	(96,834)	(534,729)	(422,902)	(581,142)	(554,446)	(461,471)	(376,320)	(224,832)	-	-
Depreciation and amortization	7,139,302	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
Total Operating Expenses	58,615,077	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
Operating Loss	(51,633,401)	(48,216,356)	(43,270,423)	(38,534,213)	(42,294,385)	(42,268,815)	(40,516,982)	(38,397,607)	(34,987,423)	(32,942,475)
Nonoperating Revenues (Expenses)										
Federal operating assistance ^(b)	1,756,980	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
State and local operating assistance	40,973,618	34,553,703	27,818,081	26,014,999	31,591,217	23,943,345	30,136,010	27,996,289	27,891,975	25,713,041
Advertising revenue	279,312	343,750	307,166	292,311	95,263	479,408	618,416	615,631	608,420	599,100
Interest income	1,447,091	1,101,117	393,095	(140,571)	36,814	268,607	253,675	118,161	38,789	40,642
Other revenue	157,443	81,870	102,093	77,488	84,977	78,968	102,245	108,077	83,538	82,784
Interest expense	(21,142)	-	-	-	-	-	-	-	-	-
Gain (Loss) on sale of capital assets	-	199,800	102	-	26,883	-	(6,944)	211,840	14,479	135,603
Loss on disposal of capital assets	(24,728)	-	-	(13,421)	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	44,568,574	41,862,569	36,963,187	35,478,354	34,206,275	33,109,870	32,806,805	30,705,672	29,640,151	28,808,879
Net Loss Before Capital Contributions	(7,064,827)	(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)
Capital Contributions										
Grants restricted for capital expenses (Note 3)	996,722	8,390,216	19,988,969	441,602	420,944	968,706	7,088,596	2,850,624	19,010,487	17,447,423
Prior Period Adjustment^(a)	-	(5,971,222)	-	-						
Increase (Decrease) in Net Position	(6,068,105)	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
Beginning 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
Ending Net Position	\$ 36,204,396	\$ 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

^(a) Prior period adjustments:

FY 2024 was implementation of GASB Statement No. 101.

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, 2025**

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, under 2 CFR §200.516(a)?	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, 2024) Findings and Current Year Status

None.



**REQUIRED COMMUNICATION TO THE ADMINISTRATION AND
FINANCE COMMITTEE AND BOARD OF DIRECTORS IN ACCORDANCE
WITH PROFESSIONAL STANDARDS (SAS 114)**

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

We have audited the basic financial statements of Central Contra Costa Transit Authority (the Authority) for the fiscal year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 21, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2025. We noted no transactions entered into by the Authority during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the basic financial statements in the proper period.

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

- Estimated Useful Lives of Capital Assets and Right-To-Use Subscription Assets – Management estimates the lives of capital assets and intangible assets for purposes of calculating annual depreciation/amortization expense to be reported in the Authority's Statement of Revenues, Expenses, and Changes in Net Position. Estimated useful lives range from 9 to 13 years for revenue transit vehicles; 3 to 10 years for shop, office, other equipment, and service vehicles; and 30 years for building and structures. The right-to-use subscription assets are intangible capital assets and are amortized on a straight-line basis over the life of the related SBITA.
- Self-Insurance Liability – This represents management's estimate of the liability for public liability claims and workers' compensation claims to be paid for which the Authority is self-insured, and includes management's estimate of the ultimate costs for both reported claims and claims incurred but not reported.

- Net Pension Liability (Asset) and Postemployment Benefits Other than Pension Benefits (OPEB) Liability – These are based on actuarial evaluations, which involve estimates of the value of reported amounts and probabilities about the occurrence of future events far into the future.
- Compensated Absences – These are based on employee leave balances and historical usage rates in accordance with GASB Statement No. 101.
- Subscription-Based Information Technology Arrangements (SBITA) Liabilities – These are based on present value of estimated future payments.

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

Certain basic financial statement disclosures are particularly sensitive because of their significance to basic financial statement users. The most sensitive disclosures affecting the basic financial statements were the disclosures of capital assets and depreciation/amortization, employees' retirement pension plan and the net pension liability (asset), risk management self-insurance liability, the OPEB plan and net OPEB liability, the changes in long-term liabilities, and the subscriptions in Notes 5, 7, 8, 11, 12, and 15, respectively, of the basic financial statements.

The basic financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no such misstatements noted as a result of our audit procedures.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 29, 2025.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the Management’s Discussion and Analysis (MD&A), Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios, Schedule of Investment Returns – Pension, Schedule of Contributions – Pension, Schedule of Changes in the Net OPEB Liability and Related Ratios, Schedule of Investment Returns – OPEB, and Schedule of Contributions – OPEB, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

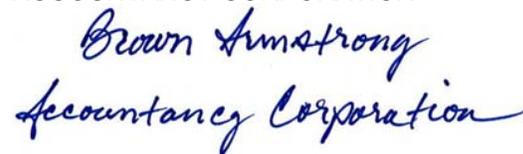
We were engaged to report on schedule of expenditures of federal awards, which accompanies the basic financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the basic financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

We were not engaged to report on the statistical section, which accompanies the basic financial statements but is not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation".

Stockton, California
December 29, 2025



**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

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

We have performed the procedures enumerated below on the accounting records solely to assist management of Central Contra Costa Transit Authority (the Authority) in determining appropriate wage increases for the fiscal year ends of June 30, 2026. The Authority is responsible for the Authority's accounting records.

The Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of reviewing the State Transit Assistance (STA) and Transportation Development Act (TDA) funds allocated by the Metropolitan Transportation Commission (MTC), to review the cost of diesel fuel purchased by the Authority, and to review the California Public Employees' Retirement System (CalPERS) benefits paid by the Authority for the fiscal year ended June 30, 2025, and compare to the prior fiscal year ended June 30, 2024. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

- 1) Obtain the allocated amount of TDA and STA funds according to MTC for the fiscal year ending June 30, 2025 and the final amounts of TDA and STA funds received according to the Authority for the fiscal year ending June 30, 2024. Determine if the MTC allocation for the fiscal year ending June 30, 2025, is reduced compared to funds received by the Authority in the fiscal year ending June 30, 2024.

Finding: The STA or TDA funds allocation from MTC was not reduced for the fiscal year ending June 30, 2025 compared to funds received by the Authority in the fiscal year ending June 30, 2024. Refer to attached schedule.

- 2) Obtain the average per gallon price of diesel fuel purchased by the Authority during the 12 months of the fiscal year ending June 30, 2025 and 2024. Determine if the average per gallon price of diesel fuel purchased during the 12 months of the fiscal year ending June 30, 2025, increased by 40% when compared to the average per gallon price of diesel fuel purchased during the 12 months of the fiscal year ending June 30, 2024.

Finding: The average per gallon price of diesel fuel purchased by the Authority during the 12 months of fiscal year ending June 30, 2025, decreased by 23.68% when compared to average per gallon price of diesel fuel purchased by the Authority during the 12 months of the fiscal year ending June 30, 2024. Refer to attached schedule.

BAKERSFIELD
4200 Truxtun Avenue, Suite 300
Bakersfield, CA 93309
661-324-4971

FRESNO
10 River Park Place East, Suite 208
Fresno, CA 93720
559-476-3592

STOCKTON
2423 West March Lane, Suite 202
Stockton, CA 95207
209-451-4833

- 3) Obtain a schedule of dollar amount the Authority paid to PERS for non-healthcare retirement benefits in the fiscal year ending June 30, 2025 and 2024. Determine if dollar amount paid in the fiscal year ending June 30, 2025, increased by \$1,000,000 when compared to dollar amount paid in the fiscal year ending June 30, 2024.

Finding: The dollar amount the Authority paid to PERS for non-healthcare retirement benefits in the fiscal year ending June 30, 2025, increased by \$74,941 when compared to the dollar amount paid in the fiscal year ending June 30, 2024. Refer to attached schedule.

We were engaged by the Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Authority and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

*Brown Armstrong
Accountancy Corporation*

Stockton, California
December 29, 2025

Criteria	Description of Criteria	Revenue	2025	2024	\$ Change
(a)	Allocated amount of STA or TDA funds from MTC increased compared to funds received by the Authority in prior year.				
	TDA Funds		\$ 28,692,501	\$ 15,568,190	\$ 13,124,311
	STA Funds		<u>7,652,826</u>	<u>7,699,464</u>	<u>(46,638)</u>
	Total STA and TDA Funds		<u>\$ 36,345,327</u>	<u>\$ 23,267,654</u>	<u>\$ 13,077,673</u>
(b)	Average per gallon price of diesel fuel purchased by the Authority did not increase by 40% compared to average per gallon priced purchased in prior year.		\$ 2.74	\$ 3.59	-23.68%
(c)	Dollar amount paid to PERS for non-healthcare retirement benefits by the Authority did not increase by over \$1,000,000 compared to dollar amount paid in prior year.		<u>\$ 3,063,420</u>	<u>\$ 2,997,125</u>	<u>\$ 66,295</u>

County Connection
COMBINED Income Statement - Actual vs Budget
For Year to Date Through 6/30/2025

	Y-T-D Actual	Annual Budget	Variance	% Budget
REVENUES				
Passenger Fares	3,572,848	2,974,500	598,348	120.12%
Special Service Revenue	1,019,703	966,978	52,725	105.45%
Total Fare Revenue	4,592,551	3,941,478	651,073	116.52%
Federal Operating	1,756,980	2,040,376	(283,396)	86.11%
State Transit Assistance	7,727,826	7,727,826	0	100.00%
BART Feeder Funds	820,003	820,003	0	100.00%
Other State Grants	371,460	300,000	71,460	123.82%
TDA Article 4.0	21,762,790	27,613,209	(5,850,419)	78.81%
TDA Article 4.5	1,079,292	1,079,293	(1)	100.00%
Measure J Sales Tax	8,972,266	8,500,000	472,266	105.56%
Other Local Grants and Charges	239,981	245,503	(5,522)	97.75%
Total Federal-State-Local Revenue	42,730,598	48,326,210	(5,595,612)	88.42%
Advertising Income	279,312	200,000	79,312	139.66%
Investment and Misc Income	1,604,534	271,000	1,333,534	592.08%
Total Other Revenue	1,883,846	471,000	1,412,846	399.97%
Fare Revenue - LAVTA	29,348	34,175	(4,827)	85.88%
LAVTA Fees	1,743,964	1,970,940	(226,976)	88.48%
Fare Revenue - One Seat Partners	36,056	0	36,056	0.00%
One Seat Ride Fees	574,025	375,785	198,240	152.75%
Go San Ramon Fees	5,732	5,000	732	114.64%
Total Paratransit Partners	2,389,125	2,385,900	3,225	100.14%
TOTAL REVENUE	51,596,120	55,124,588	(3,528,468)	93.60%
EXPENSES				
Wages	16,962,321	18,628,353	(1,666,032)	-91.06%
Fringe Benefits	13,207,963	13,982,486	(774,523)	-94.46%
Total Wages & Benefits	30,170,284	32,610,839	(2,440,555)	-92.52%
Services	2,703,019	4,033,150	(1,330,131)	-67.02%
Materials and Supplies	3,197,140	3,667,700	(470,560)	-87.17%
Utilities	503,339	455,000	48,339	-110.62%
Insurance	1,423,589	1,358,173	65,416	-104.82%
Taxes	364,931	434,400	(69,469)	-84.01%
Leases and Rentals	84,195	70,000	14,195	-120.28%
Miscellaneous	261,333	376,250	(114,917)	-69.46%
Purchased Transportation	8,967,790	9,283,176	(315,386)	-96.60%
Total Other Operating (non-wages)	17,505,336	19,677,849	(2,172,513)	-88.96%
Purchased Transp - Partners	2,389,125	2,385,900	3,225	-100.14%
TOTAL EXPENSES	50,064,745	54,674,588	(4,609,843)	-91.57%
Excess Revenue Over (Under) Expenditures	1,531,375	450,000	1,081,375	340.31%

County Connection
Fixed Route Income Statement - Actual vs Budget
For Year to Date Through 6/30/2025

	Y-T-D Actual	Annual Budget	Variance	% Budget
REVENUES				
Passenger Fares	2,991,881	2,529,200	462,681	118.29%
Special Service Revenue	798,401	744,072	54,329	107.30%
Total Fare Revenue	3,790,282	3,273,272	517,010	115.79%
Federal Operating	166,604	450,000	(283,396)	37.02%
State Transit Assistance	6,690,946	6,690,946	0	100.00%
BART Feeder Funds	820,003	820,003	0	100.00%
Other State Grants	371,460	300,000	71,460	123.82%
TDA Article 4.0	19,614,755	24,453,982	(4,839,227)	80.21%
Measure J Sales Tax	6,353,000	6,500,000	(147,000)	97.74%
Other Local Grants and Charges	0	10,000	(10,000)	0.00%
Total Federal-State-Local Revenue	34,016,768	39,224,931	(5,208,163)	86.72%
Advertising Income	279,312	200,000	79,312	139.66%
Investment and Misc Income	1,604,534	271,000	1,333,534	592.08%
Total Other Revenue	1,883,846	471,000	1,412,846	399.97%
TOTAL REVENUE	39,690,896	42,969,203	(3,278,307)	92.37%
EXPENSES				
Wages	16,646,563	18,288,470	(1,641,907)	-91.02%
Fringe Benefits	12,987,371	13,743,233	(755,862)	-94.50%
Total Wages & Benefits	29,633,934	32,031,703	(2,397,769)	-92.51%
Services	2,558,940	3,808,150	(1,249,210)	-67.20%
Materials and Supplies	3,190,925	3,663,700	(472,775)	-87.10%
Utilities	441,873	395,000	46,873	-111.87%
Insurance	1,407,007	1,340,000	67,007	-105.00%
Taxes	364,931	434,400	(69,469)	-84.01%
Leases and Rentals	84,195	70,000	14,195	-120.28%
Miscellaneous	258,117	366,250	(108,133)	-70.48%
Purchased Transportation	219,599	410,000	(190,401)	-53.56%
Total Other Operating (non-wages)	8,525,587	10,487,500	(1,961,913)	-81.29%
TOTAL EXPENSES	38,159,521	42,519,203	(4,359,682)	-89.75%
Excess Revenue Over (Under) Expenditures	1,531,375	450,000	1,081,375	340.31%

County Connection
Paratransit Income Statement - Actual vs Budget
For Year to Date Through 6/30/2025

	Y-T-D Actual	Annual Budget	Variance	% Budget
REVENUES				
Passenger Fares	580,967	445,300	135,667	130.47%
Special Service Revenue	221,302	222,906	(1,604)	99.28%
Total Fare Revenue	802,269	668,206	134,063	120.06%
Federal Operating	1,590,376	1,590,376	0	100.00%
State Transit Assistance	1,036,880	1,036,880	0	100.00%
TDA Article 4.0	2,148,035	3,159,227	(1,011,192)	67.99%
TDA Article 4.5	1,079,292	1,079,293	(1)	100.00%
Measure J Sales Tax	2,619,266	2,000,000	619,266	130.96%
Other Local Grants and Charges	239,981	235,503	4,478	101.90%
Total Federal-State-Local Revenue	8,713,830	9,101,279	(387,449)	95.74%
Fare Revenue - LAVTA	29,348	34,175	(4,827)	85.88%
LAVTA Fees	1,743,964	1,970,940	(226,976)	88.48%
Fare Revenue - One Seat Partners	36,056	0	36,056	0.00%
One Seat Ride Fees	574,025	375,785	198,240	152.75%
Go San Ramon Fees	5,732	5,000	732	114.64%
Total Paratransit Partners	2,389,125	2,385,900	3,225	100.14%
TOTAL REVENUE	11,905,224	12,155,385	(250,161)	97.94%
EXPENSES				
Wages	315,758	339,883	(24,125)	-92.90%
Fringe Benefits	220,592	239,253	(18,661)	-92.20%
Total Wages & Benefits	536,350	579,136	(42,786)	-92.61%
Services	144,079	225,000	(80,921)	-64.04%
Materials and Supplies	6,215	4,000	2,215	-155.38%
Utilities	61,466	60,000	1,466	-102.44%
Insurance	16,582	18,173	(1,591)	-91.25%
Miscellaneous	3,216	10,000	(6,784)	-32.16%
Purchased Transportation				
Purchased Transportation	8,748,191	8,873,176	(124,985)	-98.59%
Total Other Operating (non-wages)	8,979,749	9,190,349	(210,600)	-97.71%
Purchased Transp - Partners				
Purchased Transp - Partners	2,389,125	2,385,900	3,225	-100.14%
TOTAL EXPENSES	11,905,224	12,155,385	(250,161)	-97.94%
Excess Revenue Over (Under) Expenditures	0	0	0	0.00%

County Connection Statistical Comparisons

For Year to Date Through 06/30/2025

	Actual FY 2025 through Q4	Actual FY 2024 through Q4	Variance FY 2025 to FY 2024	Actual FY 2023 through Q4	Variance FY 2025 to FY 2023
Fixed Route					
Fares & Fare Replacements	\$ 3,790,282	\$ 3,497,596	8.4%	\$ 3,324,049	14.0%
Operating Exp (Less leases)	\$ 38,159,521	\$ 36,725,505	3.9%	\$ 33,589,180	13.6%
Farebox recovery ratio	9.9%	9.5%		9.9%	
Revenue Hours	191,385	186,787	2.5%	189,474	1.0%
Cost per Rev Hour	\$ 199.39	\$ 196.62		\$ 177.28	
Passengers	2,727,607	2,633,223	3.6%	2,424,578	12.5%
Cost per Passenger	\$ 13.99	\$ 13.95		\$ 13.85	
Passengers per Rev Hr	14.25	14.10		12.80	
Paratransit					
Fares	\$ 802,269	\$ 490,658	63.5%	\$ 359,247	123.3%
Operating Exp (Less Partners)	\$ 11,905,224	\$ 8,282,839	43.7%	\$ 6,571,936	81.2%
Farebox recovery ratio	6.7%	5.9%		5.5%	
Revenue Hours	64,709	69,689	-7.1%	47,690	35.7%
Cost per Rev Hour	\$ 183.98	\$ 118.85		\$ 137.81	
Passengers	99,675	95,341	4.5%	93,702	6.4%
Cost per Passenger	\$ 119.44	\$ 86.88		\$ 70.14	
Passengers per Rev Hr	1.54	1.37		1.96	

To: Administration & Finance Committee

Date: 12/29/2025

From: Kristina Martinez, Director of Human Resources

Reviewed by: *Ref*

SUBJECT: Employee Referral Pilot Program Update

Background:

In November 2024, the Board of Directors approved a two-year extension to the Employee Referral Pilot Program from January 1, 2025, through December 31, 2026. The original pilot ran from January 1, 2024, through December 31, 2024, and was implemented to address staffing shortages primarily in the Transportation and Maintenance departments, including the Transit Operator, Mechanic, Service Worker, and Storekeeper positions.

Pilot Program Update:

Staff continues to evaluate new methods to fill open positions as normal attrition rates occur. Over the course of the pilot, County Connection has recruited fifty-three (53) new Transit Operators, two (2) Mechanics, and four (4) Service Workers. Of this, 14% of new hires were referred by County Connection employees.

While both the Transportation and Maintenance departments have made considerable progress, the Transit Operator position continues to be the most challenging to fill in response to the constant state of attrition. For perspective, the Authority has had forty-nine (49) separations since January 2024. Tables 1 and 2 below outline the budgeted vs. filled positions in 2024 and 2025, respectively.

Table 1: Budgeted vs. Filled Positions as of December 2024

Title	Budgeted	Filled	Shortage
Operators	155	139	16
Mechanics	18	16	2
Storekeepers	2	2	-
Service Workers	11	10	1

Table 2: Budgeted vs. Filled Positions as of December 2025

Title	Budgeted	Filled	Shortage
Operators	150	145	5
Mechanics	18	15	3
Storekeepers	2	2	-
Service Workers	11	10	1

The Human Resources department continues to assess staffing levels with the recognition that the Transit Operator position will be ongoing to maintain current service levels. Internally, staff are working closely with the Transportation and Maintenance departments as well as the Marketing team to engage with our communities as well as interested candidates for employment. Additionally, County Connection continues works with external agencies such as the California Employment Development Department (EDD), Workforce Development Board of Contra Costa County, and local schools and community groups in recruitment outreach.

Financial Implications:

To date, the Authority has expended \$6,500 for employee referrals which have been covered under the existing Recruitment budgets.

Recommendation:

None. For information only.

Action Requested:

None. For information only.

Agenda Item # 6

To: Administration & Finance Committee

Date: December 31, 2025

From: Andrew M. Smith, Director of Planning & Marketing

Reviewed by: 

SUBJECT: Complementary Paratransit Options

Background:

County Connection currently operates seven “fare-free” routes on weekdays and four fare-free routes on weekends. Revenue to offset the loss of fares on these routes comes from a variety of sources, with the revenues for two routes paid by the City of Walnut Creek, one route paid by the Shadelands Business Park, and seven routes paid with cap-and-trade funds through the Low Carbon Transit Operations Program (LCTOP).

County Connection’s Link paratransit is a shared-ride service for people who are unable to use regular buses and trains independently due to a disability. Federal regulations require the provision of paratransit service within three-quarter miles of all fixed-route bus service; however, County Connection provides paratransit service within a one-and-one-half mile area of fixed-route service as a matter of Board policy. Federal regulations permit transit agencies to charge paratransit fares of up to twice the regular adult cash fixed-route fares, however there are currently no fare-free paratransit zones to match the fare-free fixed routes.

As part of County Connection’s Fiscal Year (FY) 2023-2025 Triennial Review, the Federal Transit Administration (FTA) issued a finding requiring County Connection to provide by February 25, 2026 an analysis of establishing “a fare comparability zone for paratransit, where trips that are comparable to those taken on the fixed-route system in the Monument Corridor are not charged a fare”. While the Triennial Review specifically called out the LCTOP-funded routes on Monument Boulevard, the FTA’s interpretation of the applicable federal regulations arguably would apply to all of County Connection’s “fare-free” sponsored or grant-funded routes.

Anticipated Paratransit Costs:

At their December 3, 2025 meeting, staff provided the Administration & Finance Committee with an estimate of the projected reduction in fare revenue resulting from the establishment of fare-free paratransit zones, and options for how to address these projected costs. While the cost estimate considered a projected increase in paratransit ridership resulting from the free fares (induced demand), it did not evaluate the resulting increase in operating expenses. Unlike fixed-route service which can accommodate a significant increase in ridership without the need to increase the number of buses on the road, paratransit is a high-contact door-to-door service that does not normally have the capacity to accommodate additional ridership without a correlating increase in vehicle revenue hours and related expenses.

Very little published research exists regarding the induced demand resulting from free paratransit fares. Further, there is virtually no published research regarding the impact on demand by offering free paratransit fares as a complement to free fixed-route bus fares within a specific corridor. Based on recently obtained anecdotal evidence from other Bay Area operators' paratransit fare subsidy programs for very low-income riders, for the purpose of this analysis, staff estimates between a 10% and 30% increase in demand for paratransit service within the free fixed-route corridors.

Table A: Projected annual costs for providing free paratransit service (keeping all existing free routes)

Paratransit service area and funding source	Projected annual cost of free paratransit fares	Projected increase in annual operating expenses	TOTAL ADDITIONAL COSTS
Routes 4 and 5 (City of Walnut Creek)	\$4,000 - \$4,500	\$5,000 - \$14,500	\$9,000 - \$19,000
Route 7 (Shadelands Business Park)	\$9,000 - \$10,000	\$11,000 - \$34,000	\$20,000 - \$44,000
SUBTOTAL:	\$13,000 - \$14,500	\$16,000 - \$48,500	\$29,000 - \$63,000
Routes 11, 14, 16 (LCTOP)	\$89,000 - \$105,000	\$117,000 - \$350,000	\$206,000 - \$455,000
Routes 311, 314, and 316 (LCTOP)	\$5,000 - \$6,000	\$6,000 - \$19,000	\$11,000 - \$25,000
Route 99X (LCTOP)	\$10,000 - \$12,000	\$13,000 - \$39,000	\$23,000 - \$51,000
SUBTOTAL:	\$104,000 - \$123,000	\$136,000 - \$408,000	\$240,000 - \$531,000
TOTAL:	\$117,000 - \$137,500	\$152,000 - \$456,500	\$269,000 - \$594,000

Paratransit Funding Options (Routes 4, 5, and 7):

As discussed at the December 3rd A&F meeting, the projected increase in costs related to lost fare revenue for free paratransit trips originating along Routes 4, 5, and 7 is relatively small and falls close to the maximum annual reimbursements allowed by the current fare subsidy agreements. However, the additional operating expenses anticipated as a result of induced demand are significantly higher than the cost of lost fare revenue on its own. As it is the Board's policy that all fare programs be revenue neutral, staff recommends negotiating revised fare subsidy agreements with the City of Walnut Creek (for Routes 4 and 5) and the Shadelands Business Park (for Route 7) to cover paratransit operating costs over and above an FY25 baseline. If either the City or the business park are unable to cover these costs, staff recommends discontinuing the associated fixed-route fare-free programs.

Paratransit Funding Options (Routes 11, 14, 16, 99X, 311, 314, and 316):

At the December 3rd meeting, the Committee accepted staff's recommendation to cover the loss of fare revenue for LCTOP-funded routes by charging fares on Route 99X and temporarily using agency reserves for a one-year period to see if paratransit ridership does increase as a result of induced demand, thereby necessitating additional cost cutting or funding resources. However, as noted above, the projected increase in operating expenses resulting from additional ridership is significantly higher than the projected loss of fare revenue, with a total projected cost of approximately \$240,000 to \$531,000 per year to provide free paratransit service along these seven routes. Consequently, additional measures will be necessary to address this projected deficit.

Staff previously identified multiple potential funding options, including County Connection’s operational budget, Contra Costa County’s Measure X, CCTA’s Measure J Program 20a, the federal Community Development Block Grant (CDBG) program, and Concord/Pleasant Hill Healthcare District (CPHHCD) funding, however as discussed at the December 3rd meeting, there is a low likelihood of receiving funding through these sources. Due to the full cost implications (lost fare revenue + increased operating expenses), staff believes there are no feasible alternatives to enacting cost-cutting measures specific to the LCTOP-funded free routes. Therefore, in addition to charging fares on the weekday-only Route 99X, staff also recommends charging fares on weekend Routes 311, 314, and 316 as shown in Table B (below). While undesirable, this would preserve free fares on the weekday Routes 11, 14, and 16, all of which serve the Monument Corridor.

Table B: Projected annual costs of preserving free fares on Routes 11, 14, and 16

Paratransit and fixed-route service area and fares	Change in fixed-route fare revenue*	Additional costs for free paratransit (fares + operations)**	NET REVENUE or EXPENSE
Routes 11, 14, 16 (Fare-free)	n/a	(\$268,000) – (\$593,000)	(\$268,000) – (\$593,000)
Routes 311, 314, and 316 (charge fares)	\$181,000 - \$204,000	n/a	\$181,000 - \$204,000
Route 99X (charge fares)	\$41,000 - \$46,000	n/a	\$41,000 - \$46,000
TOTAL	\$222,000 – \$250,000	(\$268,000) – (\$593,000)	(\$46,000) – (\$343,000)

* The fixed-route fare revenue projections assume a 10% - 20% loss in ridership on routes that are no longer free.

** The free paratransit cost projections for Routes 11, 14, and 16 are lower than those shown in Table A because there will be fewer free paratransit destinations when Routes 99X, 311, 314, and 316 are no longer free.

Though not enough to fully cover these anticipated costs, it is reasonable to assume that an increase in paratransit trips resulting from induced demand will appear gradually, rather than immediately upon the start of free paratransit service. Therefore, staff does not recommend taking any further cost-cutting measures until the resulting paratransit ridership can be evaluated over the course of the first year of operation.

Financial Implications:

The fiscal impacts vary, as described above.

Recommendation:

Staff recommends:

1. Addressing the FTA Triennial Review finding to address the application of required corrective action, by providing free paratransit along all of County Connection’s “fare-free” fixed-route services,
2. Funding this action by (a) ending the “fare-free” program on the weekday-only Route 99X and the weekend-only Routes 311, 314, and 316; (b) negotiating new agreements with the City of Walnut Creek and the Shadelands Business Park to pay the fares and operating expenses for paratransit trips originating within three-quarter miles of Routes 4,5 and 7, or ending those “fare-free” programs; and (d) seeking grant funding to further offset these costs.

Staff further recommends reviewing fare-free paratransit ridership levels and expenses after one year.

Action Requested:

Staff requests the Committee forward their recommendation to the Board of Directors.

Attachments:

None.

Agenda Item #7

To: Administration & Finance Committee

Date: December 30, 2025

From: Amber Johnson, Chief Financial Officer

Reviewed by: WC.

SUBJECT: Update on Lump Sum Payment for Retiree Health Savings Plan

Background:

In June and July 2025, staff presented reports to the Board of Directors regarding changes to the Authority's post-employment medical plan. At that time, the estimated cost of the one-time lump sum payment for current retirees was estimated at \$182,270, based on actuarial calculations of the present value of reductions in retiree medical contributions under the new structure.

Since those reports were presented, additional employees have retired, increasing the total lump sum payment required to fully implement the plan.

Lump Sum Payment:

The final cost of the one-time lump sum payment for current retirees is now \$280,870, reflecting the inclusion of retirees who became eligible after the initial estimate.

Financial Implications:

The updated amount represents an increase of \$98,600 over the previously reported estimate of \$182,270. This change to the one-time lump sum amount will be accommodated within the FY 2026 budget and does not alter the actuarial assumptions or methodology previously reviewed by the Board under Government Code Section 7507.

Recommendation:

Information only.

Action Requested:

Staff requests that the A&F Committee forward this update to the full Board of Directors for their review and acknowledgment.

Attachments:

None

To: Administration and Finance Committee

Date: 12/30/2025

From: Bill Churchill, General Manager *WC.*

SUBJECT: Investment Report as of September 30, 2025

Background:

This report is provided as required by the Authority's investment policy. Current investments are consistent with the investment policy and are allowable under current California law. Investments are selected to meet the priority principles of the policy: safety, liquidity, and yield.

Investment Report:

The total cash and investments held by the Authority as of September 30, 2025, is \$33,681,125 as follows:

Type of Investment	Issuer	Date of Maturity	Par Amount	Market Value
Cash – Cash on hand	N/A	October 1, 2025	\$496,394	\$496,394
Cash – Held in LAIF	N/A	October 1, 2025	\$33,184,731	\$33,184,731
Total			\$33,681,125	\$33,681,125

A detailed report of all cash and investments held in each individual bank account as of this date is included as Attachment 1.

It is noted that the funds held in the Authority's 115 Trust for Pensions and OPEB are outside of this policy and thereby not included in this report. Greater flexibility of the investment of 115 funds is permitted by California law under the condition that these funds are irrevocably committed to provide pension or OPEB benefits.

It is hereby affirmed that the Authority has the ability to meet its pool's expenditure requirements (cash flow) for the next six months.

Financial Implications:

No direct financial implication results from this report. However, adherence to the Authority's investment policy helps to ensure the Authority remains in strong financial health.

Recommendation:

None, information only.

Action Requested:

None, information only.

Attachments:

Attachment 1: CCCTA Bank Cash and Investment Accounts as of September 30, 2025

CCCTA
BANK CASH AND INVESTMENT ACCOUNTS
AS OF SEPTEMBER 30, 2025
(ROUNDED OFF TO NEAREST \$)

FINANCIAL INST	ACCT #	TYPE	PURPOSE	PER BANK	PER BANK	PER BANK	PER GL *
				MAR 2025	JUN 2025	SEP 2025	SEP 2025
FIXED ROUTE							
BMO HARRIS	2087682	CHECKING	A/P GENERAL (including ParaTransit & Capital)	\$ 836,000	\$ 1,313,642	\$ 376,277	\$ 166,199
BMO HARRIS	2088565	CHECKING	PAYROLL	\$ 34,642	\$ 59,750	\$ 61,301	\$ 58,358
BMO HARRIS	2088706	CHECKING	WORKERS' COMP - Innovative Claims Solution	\$ 63,721	\$ 61,857	\$ 58,791	\$ 48,246
PAYPAL	27SAXUUFL9732	ON-LINE	PAYPAL-PASS SALES	\$ 25	\$ 25	\$ 25	\$ 25
TOTAL				\$ 934,388	\$ 1,435,274	\$ 496,394	\$ 272,828
LAIF FUND							
<i>Effective Yield:</i>				4.48%	4.40%	4.34%	
LAIF ACCOUNT	4007001	INT-INVEST	OPERATING FUNDS	\$ 34,088,510	\$ 18,750,885	\$ 30,593,743	\$ 30,593,743
LAIF ACCOUNT		INT-INVEST	LCTOP - Martinez Amtrak VII	\$ 214,843	\$ 72,345	\$ -	\$ -
LAIF ACCOUNT		INT-INVEST	LCTOP - FREE Monument VI (Routes 11/14/16)	\$ 509,574	\$ 224,854	\$ -	\$ -
LAIF ACCOUNT		INT-INVEST	Pass-Through CA	\$ 847,589	\$ 866,310	\$ 845,652	\$ 845,652
LAIF ACCOUNT		INT-INVEST	Safe Harbor Lease Reserve	\$ 1,707,619	\$ 1,745,337	\$ 1,745,336	\$ 1,745,336
LAIF ACCOUNT		FMV ADJ.	Fair Market Value Adjustment for Year-End		\$ 25,955		
TOTAL				\$ 37,368,135	\$ 21,685,686	\$ 33,184,731	\$ 33,184,731
12/29/2025				\$ 38,302,523	\$ 23,120,960	\$ 33,681,125	\$ 33,457,559

KLM/AJ

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