

County Connection

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

ADMINISTRATION & FINANCE COMMITTEE

MEETING AGENDA

Wednesday, August 5, 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

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

2025/2026 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 June 3, 2026*
4. OPEB Actuarial Valuation and GASB 75 Report for Fiscal Year Ending June 30, 2026*
(Staff recommends that the A&F Committee accept the OPEB Actuarial Valuation and forward to the Board of Directors.)
5. Swiftly Contract Renewal*
(Staff requests the Administration and Finance committee forward the Swiftly Contract renewal to the Board of Directors for approval.)
6. Clever Devices/Hitachi Rail Contracts*
(Staff will request approval of a one-year extension of an existing Clever Devices Contract and an award of a new Clever Devices Contract for the purchase and installation of equipment.)
7. Release of Request for Proposal for County Connection and LAVTA Joint Paratransit Procurement*
(Information Only)
8. Review of Vendor Bills, May and June 2026**
9. Approval of Legal Services Statement, May and June 2026 General and Labor**
10. Next Scheduled Meeting – September 2, 2026
11. Closed Session: Liability Claim (Government Code Section 54954.5)
Claimant: Kieu
12. Adjournment

*Enclosure

**Enclosure for Committee Members Only

**Teleconference location: 4284 Baywood Ct., Concord CA 94521

General Information

Public Comment: 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 Committee 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. If you have anything that you wish to be 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.

Availability of Public Records: This agenda, and 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 and 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.

Accessible Public Meetings: Upon request, County Connection will provide written agenda materials in appropriate alternative formats, and provide disability-related modifications or accommodations including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings and provide comments at or 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.

Shuttle Service: With advance notice, a County Connection LINK shuttle can be provided from the North Concord / Martinez BART station for all individuals wishing to attend the meeting. To arrange for the shuttle service, please call (925) 938-7433 between 8:00 am and 5:00 pm at least one day prior to the meeting.

Currently Scheduled Board and Committee Meetings

Board of Directors:	Thursday, September 17, 9:00 a.m. County Connection Board Room 2477 Arnold Industrial Way, Concord, CA 94520
Administration & Finance:	Wednesday, September 2, 9:00 a.m. County Connection Administrative Offices 2477 Arnold Industrial Way, Concord, CA 94520
Advisory Committee:	None scheduled at this time
Marketing, Planning & Legislative:	Thursday, September 3, 8:30 a.m. Lamorinda Office of County Supervisor Candace Andersen 3338 Mt. Diablo Blvd, Lafayette, CA 94549
Operations & Scheduling:	Friday, September 4, 8:00 a.m. Pleasant Hill City Hall, Small Community Meeting Room 100 Gregory Lane, Pleasant Hill. CA 94523

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
Wednesday, June 3, 2026, 9:00 a.m.

Directors: Sue Noack, Don Tatzin
Staff: Bill Churchill, Ruby Horta, Andrew Smith, John Sanderson, Pranjal Dixit
Public: None

Call to Order: Meeting called to order at 9:01 a.m. by Director Noack.

1. Approval of Agenda

The Committee approved the agenda.

2. Public Communication

None.

3. Approval of Minutes of May 8, 2026

The Committee approved the minutes.

4. Investment Report as of March 31, 2026

Ms. Johnson presented the quarterly investment report which includes the type of investment, issuer, date of maturity, par, and dollar amount of investments. The detailed quarterly report was also presented which includes balances by bank account and with recent historical data. Ms. Johnson affirmed that the Authority has the ability to meet projected cash flow of expenditures for the next six months.

This was an information only item.

5. Income Statements for the Nine Months Ended March 31, 2026

Ms. Johnson presented the quarterly financial statements noting that combined revenues of \$41.0 million were 71.8% of the \$57.1 million budget, including an estimated \$1.1 million in revenue available to transfer to the Authority's discretionary reserve fund at year-end. The combined expenses of \$39.9 million are at 70.4% of the annual \$56.7 million budget. Ms. Johnson noted that the cost per passenger for this nine-month period was \$15.11 as compared to \$13.52 over the same nine-month period last year. The increase in cost per passenger is due to a 10.8% increase in expenses while passenger counts declined by 0.9%. Ms. Johnson noted that several one-time costs contributed to this increase in expenses, however, overall expenses remain within the approved budget authority.

The Committee reviewed the financial statements and approved them. The information will be forwarded to the Board as an information item.

6. AHSC Implementation and Cooperation Agreement for Route 4

Mr. Smith reported that the Authority had partnered with the City of Walnut Creek and Resources for Community Development (RCD) on an Affordable Housing and Sustainable Communities (AHSC) Grant relating to a new affordable housing development at 699 Ygnacio Valley Road. The grant was awarded April 2024 and provides funding for expanded, weekday service of Route 4 (the fare-free “Downtown Trolley”). The grant provides the Authority with \$4.15 million over five years. The draft agreement outlines the specific operational parameters along with annual cost reimbursement guidelines. Mr. Churchill noted that AHSC funds are at risk of being pulled back due to the recent decision by the California Air Resources Board (CARB) to amend the Cap and Invest program.

The Committee recommends that the General Manager be authorized to enter into contract with RCD on behalf of the Authority to accept grant funding paying for the increased service on Route 4. This item will be forwarded to the Board for approval.

7. Amending of the Conflict of Interest Code

Ms. Martinez reported that the Authority’s legal counsel had reviewed revisions to the Authority’s Conflict of Interest Code and Appendices to include changes in titles and an expanded list of positions.

The Committee recommends that this be forwarded to the Board for approval.

8. Adjustment to Non-Represented Administrative Employees Compensation

Ms. Martinez reported that the Authority consists of four groups of employees. Three groups are represented by separate unions and Memorandums of Understanding (MOU) and include Transit Operators, Transit Supervisors, and Maintenance. The Administrative employee group is the only non-represented group. General Manager Churchill requests a 4% cost of living adjustment (“COLA”) for all satisfactorily performing administrative employees effective July 1, 2026. This is the same increase included in all three of the recently negotiated MOUs. The cost of this COLA totals approximately \$243 thousand and is included in the Fiscal Year (FY) 2027 budget.

Due to the economic uncertainty surrounding Senate Bill (SB) 63, and the anticipated \$6.0 million operating deficit next year, General Manager Churchill has been evaluating austerity measures that balance the Authority’s financial stability alongside operational needs. These austerity measures include a temporary freeze on merit and step increases, reducing travel expenses by 50%, and departmental budget tightening of expenditures.

The Committee discussed the 4% COLA of administrative staff as well as the austerity measures proposed for FY 2027. This item will be forwarded to the Board for discussion with a recommendation for approval at the June meeting.

9. Proposed Fiscal Year 2027 Operating and Capital Budget and Forecast

Ms. Johnson presented the updated FY 2027 Operating and Capital Budgets and a multiyear forecast of revenues and expenditures. Revisions from the draft budget include targeted, cost-control measures and a freeze on merit and step increases as well as reductions in staff and Board travel expenditures.

Assembly Bill (AB) 2561 was signed into law by Governor Newsom to address staffing levels in public agencies. The bill requires agencies to report on vacancy rates, recruitment, and retention efforts at a public hearing prior to adoption of the final budget each fiscal year. Staff used the FY 2026 budget as a baseline to conduct a comprehensive review of staffing levels across all bargaining units. Staff continue to monitor staffing levels to maintain efficiency, protect current service levels, and respond to evolving service demands.

The proposed FY 2027 includes \$59.3 million in operating expenses with revenue to offset these costs. The fixed route budget of \$45.4 million increased 4.5% over the prior year with fuel costs being a primary driver and uncertainty when these historically high costs will go back down. The paratransit budget of \$10 million increased 1.3% over the prior year with demand stabilizing to a modest growth rate in ridership following two years of rapid growth. An additional \$3.2 million is proposed for capital expenditures including facility and vehicle maintenance, in-ground hydraulic lift replacements, a bus wash overhaul, roof replacements, an automated fuel system upgrade, and on-board technology improvements.

The Committee reviewed the budget updates. This item will be forwarded to the Board for discussion with a recommendation for approval at the June meeting.

10. Adoption of Gann Appropriations Spending Limitation for FY 2026-2027

Ms. Johnson reported that the FY 2027 Gann Limit, which limits the proceeds of taxes that can be appropriated per population formulas, is \$110,938,391. The budgeted amount for operating and capital that is paid for by nonfederal monies is \$60,896,625 which is \$50,041,766 below this spending.

The Committee approved and forwarded the calculation of the Gann appropriations spending limitation of \$110,938,391 for FY 2026-27 to the Board.

11. Review of Vendor Bills, April 2026

The Committee reviewed the vendor bills for April 2026.

12. Approval of Legal Services Statement, April 2026 General and Labor

The Committee approved the legal services statements for April 2026 General and Labor.

13. Next Scheduled Meeting

The next meeting is scheduled for Wednesday, August 5th, 2026, at 9:00 a.m. in the 3rd floor conference room at the County Connection Administration Office located at 2477 Arnold Industrial Way, Concord, CA.

14. Closed Session: Conference with Legal Counsel – Existing Litigation Pursuant to Government Code Section 54956.9(a)

Camille Thompson v. CCTA

There were no reportable actions taken.

15. Adjournment

The meeting was adjourned at 9:37 a.m.

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

To: Administration & Finance Committee

Date: July 30, 2026

From: Amber Johnson, Chief Financial Officer

Reviewed by: WC.

SUBJECT: OPEB Actuarial Valuation and GASB 75 Report for Fiscal Year Ending June 30, 2026

Background:

The Government Accounting Standards Board (GASB) issued reporting standards that require County Connection to prepare an actuarial valuation of our Other Post-Employment Benefits (OPEB) under GASB Statement No. 75 (GASB 75). The valuation assesses our OPEB liabilities that are recorded in the financial statements along with additional disclosure information as required by GASB 75. An OPEB actuarial valuation is required by GASB to be updated every two years with the last one completed in FY 2024.

OPEB Valuation Report:

The OPEB Actuarial Valuation report (Report) attached is for fiscal year ending June 30, 2026 (FY 2026) and will be used as the basis for determining plan contribution levels and the actuarial value of OPEB assets and liabilities for the Authority's financial statements. The Report was prepared by MacLeod Watts Inc., a firm that provides actuarial services for various public entities. A representative from MacLeod Watts will present the report and answer questions from Committee members.

County Connection's Net OPEB Liability (NOL) as of June 30, 2026, is \$1,054,758, a net decrease of \$1,093,140 from the prior measurement. The decrease was primarily the result of favorable plan experience, including lower than anticipated healthcare costs, fewer retirees electing retiree medical benefits than expected, higher employee separations, and changes in healthcare plan enrollment. Together, these factors reduced the projected future cost of benefits and resulted in a significantly lower OPEB liability.

In addition, the Authority's OPEB trust assets increased to \$6.3 million, and the plan's funded ratio improved from 72% to 86%, reflecting the Authority's continued practice of funding its actuarially determined contributions and strengthening the long-term financial position of the retiree medical program.

The Actuarially Determined Contribution (ADC) for FY 2027 is \$444,492. The valuation assumes a portion of this amount would be funded through reimbursements from the OPEB trust. However, County Connection's current practice is to preserve trust assets and not seek reimbursement for eligible retiree healthcare costs. As a result, actual Authority contributions may differ from the ADC level reflected in the valuation.

Subsequent Events:

It should also be noted that the Authority adopted revised PEMHCA retiree medical benefit resolutions in July 2025, after the June 30, 2025 measurement date used for this valuation. In accordance with GASB requirements, the impact of these benefit changes is not reflected in the FY 2026 valuation and will instead be recognized in the next valuation cycle. The actuary estimates that these changes will increase the future OPEB liability by approximately \$295,000.

Financial Implications:

Based on MacLeod Watts Inc actuarial valuation, the ADC net of implicit subsidy credits for FY 2027 and FY 2028 amounts to \$444,492 and \$456,605, respectively.

Recommendation:

Staff recommends that the A&F Committee accept the OPEB Actuarial Valuation and forward to the Board of Directors.

Attachments:

Attachment 1: Central Contra Costa Transit Authority Actuarial Valuation of Other Post-Employment Benefit Programs As of June 30, 2025 & GASB 75 Report for the Fiscal Year Ending June 30, 2026

July 30, 2026

Amber Johnson
CFO
Central Contra Costa Transit Authority
2477 Arnold Industrial Way
Concord, CA 94520

Re: Central Contra Costa Transit Authority Other Post-Employment Benefits
June 30, 2025, Actuarial Valuation and GASB 75 Report for Fiscal Year Ending June 30, 2026

Dear Ms. Johnson:

We are pleased to enclose our actuarial report providing financial information about the other post-employment benefit (OPEB) liabilities of the Central Contra Costa Transit Authority (the Authority). The report's text describes our analysis and assumptions in detail.

The primary purposes of this report are to:

1. Recalculate plan liabilities as of June 30, 2025, in accordance with GASB 75's biennial valuation requirement.
2. Provide information required by GASB 75 ("Accounting and Financial Reporting for Postemployment Benefits Other Than Pension") to be reported in the Authority's financial statements for the fiscal year ending June 30, 2026.
3. Develop Actuarially Determined Contributions for prefunding plan benefits.

The exhibits presented in this report reflect that the Authority is contributing, on average, 100% or more of the Actuarially Determined Contribution each year. We assumed that OPEB trust assets will remain in the PARS Moderately Conservative portfolio. We based the valuation on the employee data, details on plan benefits and retiree benefit payments reported to us by the Authority. Please review our summary of this information to be comfortable that it matches your records.

We appreciate the opportunity to work on this analysis and acknowledge the efforts of Authority employees who provided valuable time and information to enable us to prepare this report. Please let us know if we can be of further assistance.

Sincerely,

Raegann E. Conner, ASA, ACA, MAAA
Consulting Actuary

Enclosure



Central Contra Costa Transit Authority

Actuarial Valuation of Other
Post-Employment Benefit Programs
As of June 30, 2025

Development of OPEB Prefunding Levels
& GASB 75 Report for the FYE June 30, 2026

Submitted July 2026

MacLeod Watts

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A. Executive Summary

This report presents the results of the June 30, 2025, actuarial valuation and the accounting information for financial reporting of the other post-employment benefit (OPEB) program of the Central Contra Costa Transit Authority (the Authority). The purposes of this report are to: 1) summarize the results of the valuation; 2) provide disclosure information as required by Statement No. 75 of the Governmental Accounting Standards Board (GASB 75) for the fiscal year ending June 30, 2026; and 3) develop Actuarially Determined Contribution (ADC) levels for prefunding plan benefits.

A description of the valuation process can be found in the appendices. We recommend users of the report read this information to familiarize themselves with the process and context of actuarial valuations. The glossary also contains descriptive definitions of terms you may see in this or other actuarial reports.

Results of this June 30, 2025, valuation may also be used to prepare the Authority's GASB 75 report for the fiscal year ending June 30, 2027. If there are any significant changes in plan members, plan benefits or eligibility and/or OPEB funding policy, an earlier valuation might be required or appropriate.

OPEB Obligations

The Authority provides continuation of certain types of post-employment coverage to its retiring employees. See Retiree Benefit Provisions for a description of these benefits. Post-employment coverage may create one or more types of OPEB liabilities:

- **Explicit subsidy liabilities:** An "explicit subsidy" exists when the employer contributes directly toward the cost of a retiree's coverage, such as contributing toward the cost of healthcare premiums.
- **Implicit subsidy liabilities:** An "implicit subsidy" may exist when premiums paid for retiree coverage are not expected to cover retiree claims, and the cost difference is expected to be borne by the employer. This commonly occurs when the employer is charged the same premium for active and retired employees, even though retirees generally incur higher claims.

We determine explicit subsidy liabilities using the expected direct payments promised by the plan toward retiree coverage. We determine the implicit subsidy liability as the projected difference between (a) estimated retiree claim costs by age and (b) premiums charged for retiree coverage, to the extent borne by the Authority.

Important Dates

GASB 75 allows reporting liabilities using (1) a *valuation date* no more than 30 months plus 1 day prior to the fiscal year end; and (2) a *measurement date* up to one year prior to the fiscal year end. The following dates were used for this report:

Fiscal Year End	June 30, 2026
Measurement Date	June 30, 2025
Measurement Period	July 1, 2024 to June 30, 2025
Valuation Date	June 30, 2025



Executive Summary

(Continued)

Summary of Results

The plan's impact on Net Position will be the sum of the difference between assets and liabilities as of the measurement date plus the unrecognized net outflows and inflows of resources. The plan's impact on Net Position and Expense for the current fiscal year is shown below.

Summary of Results for Fiscal Year Ending June 30, 2026	CCCTA
Total OPEB Liability	\$ 7,381,268
Fiduciary Net Position	(6,326,510)
Net OPEB Liability	\$ 1,054,758
<i>Adjustment for Deferred Resources:</i>	
Deferred (Outflows)	(1,072,451)
Deferred Inflows	1,900,634
Impact on Statement of Net Position	\$ 1,882,941
 OPEB Expense, FYE 6/30/2026	 \$ 77,251

A summary of the changes to the Net OPEB Liability that have occurred since the prior measurement date is shown below. A more detailed reconciliation of changes can be found in the Valuation Results section.

Summary of Changes to Net OPEB Liability	
Net OPEB Liability (Asset), FYE 6/30/2025	\$ 2,147,898
Plan Experience	(910,479)
CCCTA Contributions	(604,692)
Ongoing Plan Operations	428,756
Investment Experience	(195,222)
Assumption Changes	188,497
Total Changes	(1,093,140)
Net OPEB Liability (Asset), FYE 6/30/2026	\$ 1,054,758

Ongoing plan operations include benefits earned during the year by active employees, interest on plan liabilities, expected return on assets, and administrative expenses.



Executive Summary

(Concluded)

OPEB Funding Policy

The Authority's OPEB funding pattern over the most recent 5-year period has been to contribute 100% or more of the Actuarially Determined Contribution each year. When fully funding, GASB 75 prescribes the expected long-term trust earnings rate as the discount rate for determining liabilities for plan disclosures.

With the Authority's approval, we used 5.50% as the discount rate to develop accounting disclosures and Actuarially Determined Contributions for plan funding. Information on how this rate was determined is provided in the Expected Return on Trust Assets section of Accounting Information.

Updates Since the Prior Report

The Authority reported a plan change adopted in July 2025, after the measurement date. For accounting purposes, this change won't be reflected until the fiscal year ending June 30, 2027, and the estimated additional cost that will be reflected is approximately \$295,000. This change was considered for funding purposes in this report and was considered when developing the Actuarially Determined Contributions for the fiscal years ending June 30, 2027, and June 30, 2028. The new benefits are summarized in the Retiree Benefit Provisions section of the report, and a description of the changes can be found in the Changes section of the Actuarial Methods and Assumptions section. The Authority provided an updated census of plan participants which was used in the valuation to determine "plan experience". See the Glossary for a definition of Plan Experience. A description of the components of plan experience and their impact on the liability can be found in the Reconciliation shown in Valuation Results. Certain assumptions were changed for this valuation. A description of the changes can be found in the Changes section of Actuarial Methods and Assumptions. The liability impact of the assumption changes can be found in the Reconciliation provided in Valuation Results. Investment experience (the difference between actual and expected trust earnings) was determined as well. The financial impact is shown in the Reconciliation provided in Valuation Results.

Use and Reliance

This report is intended to present actuarial information related to other post-employment benefits (OPEB) for the Authority's financial statements in accordance with GASB Statement No. 75. The results and conclusions are appropriate for this purpose but may not be suitable for other uses, as different assumptions, methods, or actuarial standards of practice may be required or more suitable.

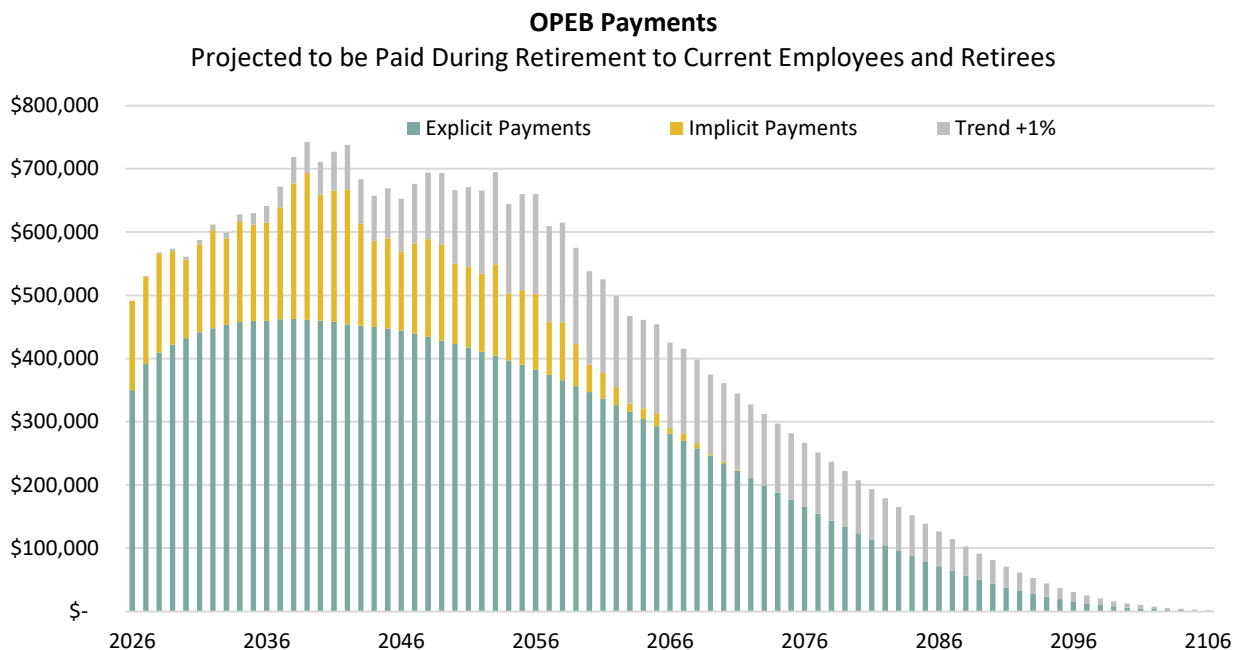
The actuarial valuation reflects plan provisions and related information as provided by the Authority. The Authority is assumed to have access to, and to rely upon, its own legal counsel for advice on legal matters, including the compliance of plan provisions with applicable laws, regulations, Board requirements, or other governing authorities. MacLeod Watts does not practice law, and nothing in this report should be construed as legal advice. While MacLeod Watts is not a public accounting firm, any financial reporting information herein has been prepared in accordance with our understanding of applicable reporting requirements. The Authority should coordinate with its internal accounting staff and external auditors regarding the application of these results to the Authority's financial statements.



B. Valuation Results

The Authority's OPEB liability as of June 30, 2025, was determined using the updated employee data, plan provisions and asset information provided to us for the valuation. The actuarial information was derived following the Valuation Process described in the appendices. This process uses many assumptions which can be reviewed in the Actuarial Assumptions section of this report. We recommend the Authority review our understanding of retiree benefits found in the Retiree Benefits Provisions section of this report. Finally, the Summary of Employee Data section provides a summary of the data provided by the Authority for this valuation.

Using all the information provided for this report, we projected all future benefit payments expected to be paid on behalf of current retirees and current employees of the Authority (see the chart below).



Explicit payments represent direct payments by the Authority to or on behalf of retirees. Implicit payments reflect the difference between expected retiree claims and premiums paid for coverage, to the extent the cost difference is expected to be borne by the Authority. The grey area on the chart indicates the increase in projected payments if the assumption for healthcare cost inflation were 1% higher in all future years.

The first 15 years of projected benefit payments are shown in tabular form in the Projected Benefit Payments section of Accounting Information. Liabilities relating to these projected benefits are shown beginning on the following page.



Valuation Results
(Continued)

This chart compares the results measured as of June 30, 2024, with the new results measured as of June 30, 2025, based on the current valuation.

Valuation Date	6/30/2023			6/30/2025		
Fiscal Year Ending	6/30/2025			6/30/2026		
Measurement Date	6/30/2024			6/30/2025		
Discount rate	5.50%			5.50%		
Number of Covered Employees						
Actives	200			206		
Retirees	67			70		
Total Participants	267			276		
OPEB Subsidy Type	Explicit	Implicit	Total	Explicit	Implicit	Total
Actuarial Present Value of Projected Benefits						
Actives	\$ 4,327,867	\$ 2,566,052	\$ 6,893,919	\$ 4,053,291	\$ 2,073,002	\$ 6,126,293
Retirees	2,920,326	25,308	2,945,634	3,249,480	311,282	3,560,762
Total APVPB	7,248,193	2,591,360	9,839,553	7,302,771	2,384,284	9,687,055
Total OPEB Liability (TOL)						
Actives	2,970,112	1,885,807	4,855,920	2,553,111	1,267,395	3,820,506
Retirees	2,920,326	25,308	2,945,634	3,249,480	311,282	3,560,762
TOL	5,890,439	1,911,115	7,801,554	5,802,591	1,578,677	7,381,268
Fiduciary Net Position			5,653,656			6,326,510
Net OPEB Liability			2,147,898			1,054,758
Service Cost						
For the period following the measurement date	211,024	99,166	310,190	203,913	96,885	300,798

A reconciliation between the liabilities shown above begins on the following page.



Valuation Results

(Continued)

Reconciliation

Between the June 30, 2024, and June 30, 2025, measurement dates, the Net OPEB Liability (NOL) decreased by \$1,093,140. This change can be broadly grouped into expected changes and unexpected changes.

- **Expected changes** - The NOL was expected to decrease by \$175,936 through normal plan operation. These changes are shown in the first section of the reconciliation chart on the following page.
- **Unexpected changes** – The NOL experiences unexpected changes when results projected in the prior valuation are not exactly realized. These unexpected changes can be broadly grouped into one of these categories:
 1. *Changes in Benefit Provisions* – Changes in plan benefits since the prior valuation are reflected as an unexpected change. Although the Authority reported a plan change since the prior valuation, it was adopted July 17, 2025, and won't be reflected in the NOL until the fiscal year ending June 30, 2027.
 2. *Plan Experience* – Plan experience reflects unexpected changes in a plan's actual demographic outcomes (see Glossary – Plan Experience). Unexpected plan experience caused the NOL to decrease by \$910,479.
 3. *Assumption Changes* – Each full valuation includes a review of assumptions to ensure current expectations are used in the future projection and discounting of plan benefits. Assumption changes caused the NOL to increase by \$188,497. For more details on the assumptions used in the current valuation, see Actuarial Methods and Assumptions later in the report.
 4. *Investment Experience* – Trust earnings deviating from the expected trust earnings rate decreased the NOL by \$195,222.

The reconciliation chart appears on the following page.



Valuation Results**(Concluded)**

This chart reconciles the Net OPEB Liability measured on June 30, 2024, to the Net OPEB Liability from the current valuation measured on June 30, 2025.

Reconciliation of Changes During Measurement Period	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at Fiscal Year Ending 6/30/2025 <i>Measurement Date 6/30/2024</i>	\$ 7,801,554	\$ 5,653,656	\$ 2,147,898
Expected Changes During the Period:			
Service Cost	310,190		310,190
Interest Cost	433,978		433,978
Expected Investment Income		315,412	(315,412)
CCCTA Contributions		604,692	(604,692)
Benefit Payments	(442,472)	(442,472)	-
Total Expected Changes During the Period	301,696	477,632	(175,936)
Expected at Fiscal Year Ending 6/30/2026 <i>Measurement Date 6/30/2025</i>	\$ 8,103,250	\$ 6,131,288	\$ 1,971,962
Unexpected Changes During the Period:			
Change Due to Investment Experience		195,222	(195,222)
<i>Plan Experience:</i>			
Premiums and Estimated Claims Other Than Expected	(298,134)		
Termination and Retirement Rates Other Than Expected	(491,327)		
2 Known Retirements After Valuation Date	38,315		
Enrollment Changes	(193,344)		
Retiree Retention and Mortality Rates Other Than Expected	36,711		
New Employees Added	40,684		
Other Plan Experience	(43,384)		
Change Due to Plan Experience			(910,479)
<i>Assumption Changes:</i>			
Change in Healthcare Trend	18,450		
Updated Demographic Assumptions	170,047		
Change Due to Assumption Changes			188,497
Total Unexpected Changes During the Period	(721,982)	195,222	(917,204)
Balance at Fiscal Year Ending 6/30/2026 <i>Measurement Date 6/30/2025</i>	\$ 7,381,268	\$ 6,326,510	\$ 1,054,758



C. Accounting Information (GASB 75)

The following exhibits are designed to satisfy the reporting and disclosure requirements of GASB 75 for the fiscal year ending June 30, 2026.

Components of Net Position and Expense

The exhibit below shows the development of Net Position and Expense as of the Measurement Date.

Plan Summary Information for FYE June 30, 2026

Measurement Date is June 30, 2025

CCCTA

Items Included in Net Position:

Total OPEB Liability	\$ 7,381,268
Fiduciary Net Position	(6,326,510)
Net OPEB Liability (Asset)	1,054,758

Deferred items affecting Net Position:

Deferred Outflows	(451,089)
Deferred Inflows	1,900,634
Deferred Contributions	(621,362)

Impact on Statement of Net Position, FYE 6/30/2026 **\$ 1,882,941**

Items Included in OPEB Expense:

Service Cost	\$ 310,190
Interest Cost	433,978
Expected Earnings on Assets	(315,412)

Ongoing financial cost of the plan **\$ 428,756**

Represents the recurring components of OPEB expense for the measurement period, before plan changes and deferred recognition.

Adjustments to arrive at OPEB Expense:

Recognition of Cost of Plan Changes	-
Recognition of Deferred Outflows	298,259
Recognition of Deferred Inflows	(649,764)

OPEB Expense, FYE 6/30/2026 **\$ 77,251**



Accounting Information

(Continued)

Change in Net Position During the Fiscal Year

The exhibit below shows the year-to-year changes in the components of Net Position.

For Reporting at Fiscal Year End <i>Measurement Date</i>	6/30/2025 <i>6/30/2024</i>	6/30/2026 <i>6/30/2025</i>	Change During Period
Total OPEB Liability	\$ 7,801,554	\$ 7,381,268	\$ (420,286)
Fiduciary Net Position	(5,653,656)	(6,326,510)	(672,854)
Net OPEB Liability (Asset)	2,147,898	1,054,758	(1,093,140)
<i>Deferred (Outflows) Due to:</i>			
Assumption Changes	(189,440)	(257,985)	(68,545)
Plan Experience	-	-	-
Investment Experience	(371,411)	(193,104)	178,307
Deferred Contributions	(604,692)	(621,362)	(16,670)
<i>Deferred Inflows Due to:</i>			
Assumption Changes	1,043,843	855,888	(187,955)
Plan Experience	275,269	833,924	558,655
Investment Experience	125,585	210,822	85,237
Impact on Statement of Net Position	<u>\$ 2,427,052</u>	<u>\$ 1,882,941</u>	<u>\$ (544,111)</u>

Change in Net Position During the Fiscal Year

Impact on Statement of Net Position, FYE 6/30/2025	\$ 2,427,052
OPEB Expense	77,251
CCCTA Contributions During Fiscal Year	(621,362)
Impact on Statement of Net Position, FYE 6/30/2026	<u>\$ 1,882,941</u>

OPEB Expense

CCCTA Contributions During Fiscal Year	\$ 621,362
Deterioration (Improvement) in Net Position	(544,111)
OPEB Expense, FYE 6/30/2026	<u>\$ 77,251</u>



Accounting Information

(Continued)

Change in Fiduciary Net Position During the Measurement Period

Fiduciary Net Position at Fiscal Year Ending 6/30/2025	\$ 5,653,656
<i>Measurement Date 6/30/2024</i>	
Changes During the Period:	
Investment Income	510,634
CCCTA Contributions	604,692
Benefit Payments	(442,472)
Net Changes During the Period	672,854
Fiduciary Net Position at Fiscal Year Ending 6/30/2026	\$ 6,326,510
<i>Measurement Date 6/30/2025</i>	

Expected Long-term Return on Trust Assets

PARS last updated their projected future investment returns in July 2025. The expected return was determined for each major asset class. The target allocation and best estimates of geometric returns for each major class are summarized in this table.

PARS Portfolio	PARS Moderately Conservative	Expected Returns	
		Years 1-5	Years 1-30
US Large Cap Equity	17.1%	7.0%	7.2%
US Small Cap Equity	0.9%	7.9%	7.9%
Int'l. Developed Equity	6.8%	6.9%	6.9%
Emerging Markets Equity	2.3%	7.4%	7.4%
REITs	1.5%	7.2%	7.0%
Listed Infrastructure	1.5%	6.8%	7.4%
Core Bonds	63.0%	4.5%	5.0%
High Yield	5.0%	6.0%	6.1%
Cash	2.0%	3.3%	2.9%

To derive the expected future trust return specifically for the Authority, we first analyzed the returns, risk, and correlations of each major asset class to produce the portfolio's long-term expected geometric rate of return over a 5-year and 30-year horizon. We then adjusted PARS' future return expectations to align with the 2.50% general inflation assumption used in this report and deducted n/a to account for investment expenses not incorporated in the published returns. Then applying the plan specific benefit payments (as determined from the June 30, 2025, valuation) to PARS' bifurcated return expectations, we determined the single equivalent long-term rate of return to be 5.50%.



Accounting Information

(Continued)

Deferred Resources and Expected Future Recognition

The exhibit below shows deferred resources used in the current fiscal year. The plan's Expected Average Remaining Service Life ("EARSL") is 6.92 years. This period is used to recognize any non-investment related deferred resources established as of the measurement date. Investment related deferred resources are always recognized over five years. Details of deferred resources used in the current fiscal year are presented in the Schedule of Deferred Resources.

Central Contra Costa Transit Authority	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 257,985	\$ 855,888
Differences Between Expected and Actual Experience	-	833,924
Net Difference Between Projected and Actual Earnings on Investments	-	17,718
Deferred Contributions	621,362	-
Total	\$ 879,347	\$ 1,707,530

The Authority will recognize Deferred Contributions in the next fiscal year. The exhibit below shows future recognition of all other deferred resources.

For the Fiscal Year Ending June 30	Recognized Net Deferred Outflows (Inflows) of Resources
2027	\$ (138,567)
2028	(319,553)
2029	(352,538)
2030	(334,326)
2031	(203,012)
Thereafter	(101,549)



Accounting Information

(Continued)

Sensitivity of Liabilities

The discount rate used for accounting purposes for the fiscal year ending June 30, 2026, is 5.50%. Future healthcare cost increases (i.e., healthcare trend rate) were assumed to start at 6.5% (increase effective January 1, 2027) and grade down to 3.9% for years 2075 and later. The impact of a 1% increase or decrease in these assumptions is shown in the chart below.

Sensitivity to:			
Change in Discount Rate	Current - 1% 4.50%	Current 5.50%	Current + 1% 6.50%
Total OPEB Liability	8,141,920	7,381,268	6,732,829
Increase (Decrease)	760,652		(648,439)
% Increase (Decrease)	10.3%		-8.8%
Net OPEB Liability (Asset)	1,815,410	1,054,758	406,319
Increase (Decrease)	760,652		(648,439)
% Increase (Decrease)	72.1%		-61.5%
Change in Healthcare Cost Trend Rate	Current Trend - 1%	Current Trend	Current Trend + 1%
Total OPEB Liability	6,971,603	7,381,268	7,953,735
Increase (Decrease)	(409,665)		572,467
% Increase (Decrease)	-5.6%		7.8%
Net OPEB Liability (Asset)	645,093	1,054,758	1,627,225
Increase (Decrease)	(409,665)		572,467
% Increase (Decrease)	-38.8%		54.3%



Accounting Information
(Continued)**Schedule of Changes in the Net OPEB Liability**

Fiscal Year Ending	2026	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability									
Service Cost	\$ 310,190	\$ 348,618	\$ 323,596	\$ 314,171	\$ 328,799	\$ 318,449	\$ 331,211	\$ 320,785	\$ 350,850
Interest Cost	433,978	387,989	406,796	390,857	390,119	369,885	406,509	385,114	482,126
Cost of Plan Changes	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(910,479)	-	(21,120)	-	(184,833)	-	(1,357,116)	-	(1,408,629)
Changes of assumptions	188,497	(655,123)	(671,836)	-	417,022	-	205,894	-	(994,873)
Benefit payments	(442,472)	(372,774)	(370,232)	(387,567)	(327,048)	(276,823)	(306,893)	(286,733)	(316,489)
Change in total OPEB liability	(420,286)	(291,290)	(332,796)	317,461	624,059	411,511	(720,395)	419,166	(1,887,015)
Total OPEB liability - beginning	7,801,554	8,092,844	8,425,640	8,108,179	7,484,120	7,072,609	7,793,004	7,373,838	9,260,853
Total OPEB liability - ending	\$ 7,381,268	\$ 7,801,554	\$ 8,092,844	\$ 8,425,640	\$ 8,108,179	\$ 7,484,120	\$ 7,072,609	\$ 7,793,004	\$ 7,373,838
Fiduciary Net Position									
Contributions - employer	\$ 604,692	\$ 588,070	\$ 532,189	\$ 563,588	\$ 546,415	\$ 529,577	\$ 606,839	\$ 588,345	\$ 748,139
Net investment income	510,634	335,947	157,059	(567,544)	496,621	215,875	224,930	78,988	111,685
Benefit payments	(442,472)	(372,774)	(370,232)	(387,567)	(327,048)	(276,823)	(306,893)	(286,733)	(316,489)
Change in fiduciary net position	672,854	551,243	319,016	(391,523)	715,988	468,629	524,876	380,600	543,335
Fiduciary net position - beginning	5,653,656	5,102,413	4,783,397	5,174,920	4,458,932	3,990,303	3,465,427	3,084,827	2,541,492
Fiduciary net position - ending	\$ 6,326,510	\$ 5,653,656	\$ 5,102,413	\$ 4,783,397	\$ 5,174,920	\$ 4,458,932	\$ 3,990,303	\$ 3,465,427	\$ 3,084,827
Net OPEB liability - ending	\$ 1,054,758	\$ 2,147,898	\$ 2,990,431	\$ 3,642,243	\$ 2,933,259	\$ 3,025,188	\$ 3,082,306	\$ 4,327,577	\$ 4,289,011
Covered-employee payroll	\$ 17,414,122	\$ 16,804,066	\$ 15,867,493	\$ 15,287,627	\$ 14,326,765	\$ 15,543,046	\$ 15,503,972	\$ 14,836,604	\$ 12,531,658
Net OPEB liability as a percentage of covered-employee payroll	6.06%	12.78%	18.85%	23.82%	20.47%	19.46%	19.88%	29.17%	34.23%



Accounting Information
(Continued)

Notes to the Schedule of Changes in the Net OPEB Liability

Used in Development of the NOL for the Fiscal Year Ending	2026	2025	2024	2023	2022	2021	2020	2019	2018
Measurement date	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Valuation date	6/30/2025	6/30/2023	6/30/2023	6/30/2021	6/30/2021	6/30/2019	6/30/2019	7/1/2017	7/1/2017
Discount rate	5.50%	5.50%	4.70%	4.75%	4.75%	5.10%	5.10%	5.10%	5.10%
Investment rate of return	5.50%	5.50%	4.70%	4.75%	4.75%	5.10%	5.10%	5.10%	5.10%
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%
Salary increases	3.00%	3.00%	3.00%	3.00%	3.00%	3.25%	3.25%	3.25%	3.25%
Healthcare cost trend rates	6.5% in 2027	6.5% in 2025	6.5% in 2025	5.8% in 2023	5.8% in 2023	6.5% in 2021	6.5% in 2021	7.5% in 2019	7.5% in 2019
	3.9% by 2075	3.9% by 2075	3.9% by 2075	3.9% by 2076	3.9% by 2076	5% by 2024	5% by 2024	5% by 2024	5% by 2024
Retirement age	50 to 75	50 to 75	50 to 75	50 to 75	50 to 75	50 to 75	50 to 75	50 to 75	50 to 75
Mortality	CalPERS 2025	CalPERS 2021	CalPERS 2021	2017 CalPERS	2017 CalPERS	2017 CalPERS	2017 CalPERS	2014 CalPERS	2014 CalPERS
Mortality Improvement	MacLeod	MacLeod	MacLeod	MacLeod	MacLeod	MacLeod	MacLeod	MacLeod	MacLeod
	Watts 2022	Watts 2022	Watts 2022	Watts 2022	Watts 2022	Watts 2018	Watts 2018	Watts 2017	Watts 2017



Accounting Information
(Continued)

Schedule of Contributions

The chart below shows the Actuarially Determined Contribution (ADC), the Authority’s contribution, and the excess or shortfall.

Fiscal Year Ending	2026		2025		2024		2023		2022		2021		2020		2019		2018	
Actuarially Determined Contribution (ADC)	\$	621,288	\$	603,192	\$	585,624	\$	530,899	\$	561,678	\$	545,410	\$	529,577	\$	606,839	\$	588,345
Contributions in relation to the ADC		621,362		604,692		588,070		532,189		563,588		546,415		529,577		606,839		588,345
Contribution deficiency (excess)	\$	(74)	\$	(1,500)	\$	(2,446)	\$	(1,290)	\$	(1,910)	\$	(1,005)	\$	-	\$	-	\$	-
Covered-employee payroll	\$	18,809,069	\$	17,414,122	\$	16,804,066	\$	15,867,493	\$	15,287,627	\$	14,326,765	\$	15,543,046	\$	15,503,972	\$	14,836,604
Contributions as a percentage of covered-employee payroll		3.30%		3.47%		3.50%		3.35%		3.69%		3.81%		3.41%		3.91%		3.97%

Used in Development of the ADC
for the Fiscal Year Ending

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Valuation Date	6/30/2023	6/30/2023	6/30/2023	6/30/2021	6/30/2019	6/30/2019	6/30/2019	7/1/2017	7/1/2017
Discount rate/Trust return	4.70%	4.70%	4.70%	4.75%	5.10%	5.10%	5.10%	5.10%	5.10%
Inflation	2.50%	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	3.00%	3.00%	3.00%	3.00%	3.25%	3.25%	3.25%	3.25%	3.25%
Healthcare cost trend rates	6.5% in 2025 3.9% by 2075	6.5% in 2025 3.9% by 2075	6.5% in 2025 3.9% by 2075	5.8% in 2023 3.9% by 2076	6.5% in 2021 5% by 2024	6.5% in 2021 5% by 2024	6.5% in 2021 5% by 2024	7.5% in 2019 5% by 2024	7.5% in 2019 5% by 2024
Retirement age	50 to 75	50 to 75	50 to 75	50 to 75	50 to 75	50 to 75	50 to 75	50 to 75	50 to 75
Mortality	2021 CalPERS	2021 CalPERS	2021 CalPERS	2017 CalPERS	2017 CalPERS	2017 CalPERS	2017 CalPERS	2014 CalPERS	2014 CalPERS
Mortality Improvement	MacLeod Watts 2022	MacLeod Watts 2022	MacLeod Watts 2022	MacLeod Watts 2022	MacLeod Watts 2018	MacLeod Watts 2018	MacLeod Watts 2018	MacLeod Watts 2017	MacLeod Watts 2017
Amortization method	Level % of Pay	Level % of Pay	Level % of Pay	Level % of Pay	Level % of Pay	Level % of Pay	Level % of Pay	Level % of Pay	Level % of Pay
Amortization period	14 years	15 years	16 years	17 years	18 years	19 years	20 years	21 years	22 years
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value



Accounting Information

(Continued)

Progress in Plan Funding

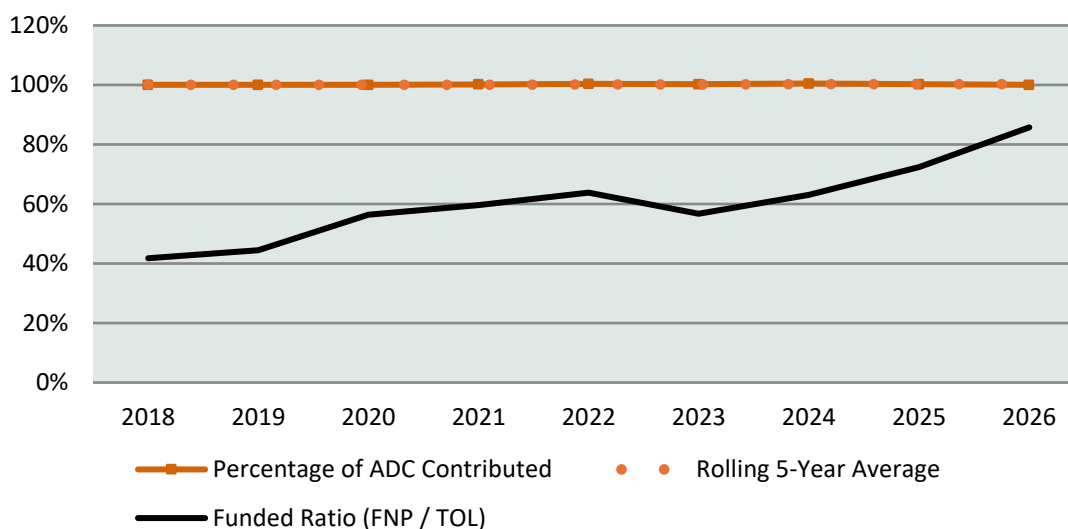
The Authority's contribution history and progress in funding is shown below. This chart itself is not a required disclosure but may assist the Authority in monitoring plan funding. The measures shown include:

- *Contribution Percentage:* Annual percentage of Actuarially Determined Contributions contributed by the Authority.
- *Average Contribution Ratio:* The rolling 5-year average of the Contribution Percentage above. Paragraph 38 of GASB 75 states that the most recent 5-year history of contributions should be considered when developing the liability discount rate in partially funded plans.
- *Funded ratio:* The ratio of plan assets (Fiduciary Net Position) to the Total OPEB Liability is a standard measure of plan funded status at a point in time. See Funded Status in the Glossary.

Fiscal Year Ending	Contribution History				GASB 75 Funded Status History			
	Actuarially Determined Contribution (ADC)	Contribution	Percentage of ADC Contributed	Rolling 5-Year Average	Total OPEB Liability (TOL)	Fiduciary Net Position (FNP)	Net OPEB Liability (Asset)	Funded Ratio (FNP / TOL)
2018	588,345	588,345	100%	100%	7,373,838	3,084,827	4,289,011	42%
2019	606,839	606,839	100%	100%	7,793,004	3,465,427	4,327,577	44%
2020	529,577	529,577	100%	100%	7,072,609	3,990,303	3,082,306	56%
2021	545,410	546,415	100%	100%	7,484,120	4,458,932	3,025,188	60%
2022	561,678	563,588	100%	100%	8,108,179	5,174,920	2,933,259	64%
2023	530,899	532,189	100%	100%	8,425,640	4,783,397	3,642,243	57%
2024	585,624	588,070	100%	100%	8,092,844	5,102,413	2,990,431	63%
2025	603,192	604,692	100%	100%	7,801,554	5,653,656	2,147,898	72%
2026	621,288	621,362	100%	100%	7,381,268	6,326,510	1,054,758	86%

Note: Rolling average based on latest 5 years, or maximum number available if less.

The relevant ratios shown above are provided in the chart below.



Accounting Information
(Continued)

Detail of Changes to Net Position

The chart below details changes to all components of Net Position.

Central Contra Costa Transit Authority	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)	(d) Deferred Outflows:				(e) Deferred Inflows:			Impact on Statement of Net Position (f) = (c) - (d) + (e)
				Assumption Changes	Plan Experience	Investment Experience	Deferred Contributions	Assumption Changes	Plan Experience	Investment Experience	
Balance at Fiscal Year Ending 6/30/2025 <i>Measurement Date 6/30/2024</i>	\$ 7,801,554	\$ 5,653,656	\$ 2,147,898	\$ 189,440	\$ -	\$ 371,411	\$ 604,692	\$ 1,043,843	\$ 275,269	\$ 125,585	\$ 2,427,052
Changes During the Period:											
Service Cost	310,190		310,190								310,190
Interest Cost	433,978		433,978								433,978
Expected Investment Income		315,412	(315,412)								(315,412)
CCCTA Contributions		604,692	(604,692)								(604,692)
Cost of Plan Changes	-		-								-
Benefit Payments	(442,472)	(442,472)	-								-
Assumption Changes	188,497		188,497	188,497							-
Plan Experience	(910,479)		(910,479)						910,479		-
Investment Experience		195,222	(195,222)							195,222	-
Recognized Deferred Resources				(119,952)	-	(178,307)	(604,692)	(187,955)	(351,824)	(109,985)	253,187
Contributions After Measurement Date							621,362				(621,362)
Net Changes in Fiscal Year 2025-2026	(420,286)	672,854	(1,093,140)	68,545	-	(178,307)	16,670	(187,955)	558,655	85,237	(544,111)
Balance at Fiscal Year Ending 6/30/2026 <i>Measurement Date 6/30/2025</i>	\$ 7,381,268	\$ 6,326,510	\$ 1,054,758	\$ 257,985	\$ -	\$ 193,104	\$ 621,362	\$ 855,888	\$ 833,924	\$ 210,822	\$ 1,882,941



Accounting Information
(Continued)

Schedule of Deferred Resources

A listing of all deferred resource bases used to develop the Net Position and Expense is shown below. Deferred Contributions are not shown.

Deferred Outflow or (Inflow)					Balance as of Jun 30, 2025	Scheduled Recognition in Expense						
Source	Date Created	Initial Amount	Period (Yrs)	Annual Recognition		2024-25 (FYE 2026)	2025-26 (FYE 2027)	2026-27 (FYE 2028)	2027-28 (FYE 2029)	2028-29 (FYE 2030)	2029-30 (FYE 2031)	Thereafter
Assumption Changes	6/30/2019	205,894	6.97	29,540	-	28,654	-	-	-	-	-	-
	6/30/2021	417,022	6.51	64,059	96,727	64,059	64,059	32,668	-	-	-	-
	6/30/2023	(671,836)	7.06	(95,161)	(386,353)	(95,161)	(95,161)	(95,161)	(95,161)	(95,161)	(5,709)	-
	6/30/2024	(655,123)	7.06	(92,794)	(469,535)	(92,794)	(92,794)	(92,794)	(92,794)	(92,794)	(92,794)	(5,565)
	6/30/2025	188,497	6.92	27,239	161,258	27,239	27,239	27,239	27,239	27,239	27,239	25,063
Investment Earnings	6/30/2021	(263,622)	5.00	(52,724)	-	(52,726)	-	-	-	-	-	-
	6/30/2022	817,533	5.00	163,507	163,505	163,507	163,505	-	-	-	-	-
	6/30/2023	73,999	5.00	14,800	29,599	14,800	14,800	14,799	-	-	-	-
	6/30/2024	(91,074)	5.00	(18,215)	(54,644)	(18,215)	(18,215)	(18,215)	(18,214)	-	-	-
	6/30/2025	(195,222)	5.00	(39,044)	(156,178)	(39,044)	(39,044)	(39,044)	(39,044)	(39,046)	-	-
Plan Experience	6/30/2019	(1,357,116)	6.97	(194,708)	-	(188,868)	-	-	-	-	-	-
	6/30/2021	(184,833)	6.51	(28,392)	(42,873)	(28,392)	(28,392)	(14,481)	-	-	-	-
	6/30/2023	(21,120)	7.06	(2,992)	(12,144)	(2,992)	(2,992)	(2,992)	(2,992)	(2,992)	(176)	-
	6/30/2025	(910,479)	6.92	(131,572)	(778,907)	(131,572)	(131,572)	(131,572)	(131,572)	(131,572)	(131,572)	(121,047)



Accounting Information

(Continued)

Contributions to the Plan

Authority contributions to the Plan occur as benefits are paid to or on behalf of retirees and/or as contributions are made to the OPEB trust. Benefit payments may occur in the form of direct payments for retiree benefits ("explicit subsidies") and/or indirect payments to retirees in the form of indirect payments to retirees for claims costs not expected to be fully supported by retiree premiums ("Implicit subsidies"). Note that the implicit subsidy contribution does not represent cash payments to retirees, but rather the reclassification of a portion of active healthcare expense to be recognized as a retiree healthcare cost. For more details, see the Implicit Subsidy definition in the Glossary.

Authority contributions during the measurement period are shown below.

For the Measurement Period, Jul 1, 2024 through Jun 30, 2025		CCCTA
CCCTA		
(a) Contribution To PARS		\$ 162,220
(b) Benefits Paid Directly To or On Behalf of Retirees		313,198
(c) Implicit Subsidy Payment		129,274
PARS		
(d) Benefits Paid Directly To or On Behalf of Retirees		-
(e) Reimbursements to CCCTA		-
<i>Total Benefits Paid During the MP, (b)+(c)+(d)</i>		442,472
<i>CCCTA Contribution During the MP, (a)+(b)+(c)-(e)</i>		604,692

Authority contributions during the fiscal year are shown below.

For the Fiscal Year, Jul 1, 2025 through Jun 30, 2026		CCCTA
CCCTA		
(f) Contribution To PARS		\$ 129,908
(g) Benefits Paid Directly To or On Behalf of Retirees		350,064
(h) Implicit Subsidy Payment		141,390
PARS		
(i) Benefits Paid Directly To or On Behalf of Retirees		-
(j) Reimbursements to CCCTA		-
<i>Total Benefits Paid During the Current FY, (g)+(h)+(i)</i>		491,454
<i>CCCTA Contribution During the Current FY, (f)+(g)+(h)-(j)</i>		621,362



Accounting Information

(Continued)

Projected Benefit Payments

The following is a 15-year projection of other post-employment benefits to be paid on behalf of current retirees and current employees expected to retire from the Authority. Expected annual benefits have been projected based on the actuarial assumptions outlined in Actuarial Methods and Assumptions.

These projections do not include any benefits expected to be paid on behalf of current active employees *prior to* retirement, nor do they include any benefits for potential *future employees* (i.e., those who might be hired in future years).

Fiscal Year Ending June 30	Explicit Subsidy			Implicit Subsidy			Total
	Current Retirees	Future Retirees	Total	Current Retirees	Future Retirees	Total	
2026	\$350,064	\$ -	\$350,064	\$141,390	\$ -	\$141,390	\$ 491,454
2027	324,792	66,512	391,304	78,988	58,883	137,871	529,175
2028	314,744	94,359	409,103	66,818	88,812	155,630	564,733
2029	304,277	117,456	421,733	49,855	98,128	147,983	569,716
2030	291,816	140,414	432,230	18,001	106,021	124,022	556,252
2031	280,474	161,117	441,591	20,836	118,307	139,143	580,734
2032	268,754	179,190	447,944	24,001	131,181	155,182	603,126
2033	256,713	196,600	453,313	12,559	123,993	136,552	589,865
2034	244,325	213,482	457,807	14,361	143,754	158,115	615,922
2035	231,549	227,493	459,042	-	152,505	152,505	611,547
2036	218,437	241,245	459,682	-	155,346	155,346	615,028
2037	206,865	255,190	462,055	-	176,949	176,949	639,004
2038	195,178	267,334	462,512	-	214,097	214,097	676,609
2039	183,631	278,073	461,704	-	231,559	231,559	693,263
2040	172,058	288,282	460,340	-	198,652	198,652	658,992

The amounts shown in the explicit subsidy columns reflect the expected payment by the Authority toward retiree benefits in each of the years shown. The amounts shown in the implicit subsidy columns reflect the estimated excess of retiree claims over the premiums expected to be charged during the year for retirees' coverage. These amounts are also shown separately and in total for those currently retired on the valuation date and for those expected to retire in the future.



Accounting Information
(Concluded)**Sample Journal Entries**

OPEB Accounts at Beginning of Fiscal Year	<i>By Source</i>		<i>Sources Combined</i>	
	Debit	Credit	Debit	Credit
Net OPEB Liability		2,147,898		2,147,898
<i>Deferred Outflow:</i>				
Assumption Changes	189,440			
Plan Experience	-			
Investment Experience	371,411			
Contribution Subsequent to MD	604,692			
Deferred Outflows			1,165,543	
<i>Deferred Inflow:</i>				
Assumption Changes		1,043,843		
Plan Experience		275,269		
Investment Experience		125,585		
Deferred Inflows				1,444,697
Record Benefits Paid to Retirees	Debit		Credit	
Net OPEB Liability	350,064			
Cash			350,064	
Record Contributions to the Trust	Debit		Credit	
Net OPEB Liability	129,908			
Cash			129,908	
Record Implicit Subsidy Payment	Debit		Credit	
Net OPEB Liability	141,390			
Premium Expense			141,390	
Record End of Year Updates to OPEB Accounts	<i>By Source</i>		<i>Sources Combined</i>	
	Debit	Credit	Debit	Credit
Net OPEB Liability	471,778		471,778	
<i>Deferred Outflow:</i>				
Assumption Changes	68,545			
Plan Experience				
Investment Experience		178,307		
Contribution Subsequent to MD	16,670			
Deferred Outflows				93,092
<i>Deferred Inflow:</i>				
Assumption Changes	187,955			
Plan Experience		558,655		
Investment Experience		85,237		
Deferred Inflows				455,937
OPEB Expense	77,251		77,251	



D. Funding Information

The employer's OPEB funding policy and level of contributions to an irrevocable OPEB trust directly affects the discount rate which is used to calculate the OPEB liability to be reported in the employer's financial statements. Prefunding (setting aside funds to accumulate in an irrevocable OPEB trust) has certain advantages, one of which is the ability to (potentially) use a higher discount rate in the determination of liabilities for GASB 75 reporting purposes. Prefunding also improves the security of benefits for current and potential future recipients and contributes to intergenerational taxpayer equity by better matching the cost of the benefits to the service years in which they are "earned" and which correspond to years in which taxpayers benefit from those services.

Paying Down the UAAL

Once an employer decides to prefund, a decision must be made about how to pay for benefits related to accumulated prior service that have not yet been funded (the Unfunded Actuarial Accrued Liability, or UAAL). This is most often, though not always, handled through structured amortization payments. The period and method chosen for amortizing this unfunded liability can significantly affect the Actuarially Determined Contribution (ADC) or other basis selected for funding the OPEB program.

Much like paying off a mortgage, when the Actuarial Accrued Liability (AAL) exceeds plan assets, choosing a longer amortization period to pay off the UAAL means smaller payments, but the payments will be required for more years; plan investments will have less time to work toward helping reduce required contribution levels. When the plan is in a surplus position, the reverse is true, and a longer amortization period is usually preferable.

There are several ways the amortization payment can be determined. The most common methods are calculating the amortization payment as a level dollar amount or as a level percentage of payroll. The employer might also choose to apply a shorter period when the UAAL is positive, i.e., when trust assets are lower than the AAL, but opt for a longer period or to exclude amortization of a negative UAAL, when assets exceed the AAL. The entire UAAL may be amortized as one single component or may be broken into multiple components reflecting the timing and source of each change, such as those arising from assumption changes, benefit changes and/or liability or investment experience.

The amortization period(s) should not exceed the number of years which would allow current trust assets plus future contributions and earnings to be sufficient to pay all future benefits and trust expenses each year. Prefunding of OPEB is optional and contributions at any level are permitted. However, if trust sufficiency is not expected, a discount rate other than the assumed trust return will likely be required for accounting purposes.

Funding and Prefunding of the Implicit Subsidy

An implicit subsidy liability is created when retiree medical claims are expected to exceed the premiums charged for retiree coverage. Recognition of the estimated implicit subsidy each year is handled by an accounting entry, reducing the amount paid for active employees and shifting that amount to be treated as a retiree healthcare expense/contribution (see Sample Journal Entries). The implicit subsidy is a true benefit to the retiree but can be difficult to see when medical premiums are set as a flat rate for both actives and pre-Medicare retirees.



Funding Information

(Continued)

This might lead some employers to believe the benefit is not real or is merely an accounting construct, and thus to forgo prefunding of retiree implicit benefits.

Consider what would happen if the retiree premiums were based only on expected retiree claims experience. Almost certainly, retiree premiums would increase while premiums for active employees would go down if the active premiums no longer had to help support the higher retiree claims. *Who would pay the increases in retiree premiums?* Current plan documents and bargaining agreements would have to be consulted. Depending on circumstances, the increase in retiree premiums might remain the responsibility of the employer, pass entirely to the retirees, or some blending of the two. The answer would determine whether separate retiree-only premium rates would result in a higher or lower employer OPEB liability. In the current premium structure, with blended active and pre-Medicare retiree premiums, the employer is clearly, though indirectly, paying the implicit retiree cost.

The prefunding decision is complex. OPEB materiality, budgetary concerns, desire to use the full trust rate in developing the liability for GASB 75, and other factors must be weighed by each employer. Since prefunding OPEB benefits is not required, each employer's OPEB prefunding strategy will depend on how they balance these competing perspectives.

Development of the Actuarially Determined Contributions

The Authority has approved development of ADCs based on the following two components, which are then adjusted with interest to each 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) over a 30-year period. Amortization payments are determined on a level percent of pay basis; 14 years remain for the fiscal year ending June 30, 2026.

Actuarially Determined Contributions, developed as described above for the Authority's fiscal years ending June 30, 2026, 2027, and 2028 are shown the exhibit on the next page. Contributions credited toward meeting the ADC will be comprised of:

- 1) direct payments to insurers toward retiree premiums, to the extent not reimbursed to the Authority by the trust; plus
- 2) each year's implicit subsidy payment, to the extent not reimbursed to the Authority by the trust; and
- 3) contributions to the OPEB trust.

ADCs determined on this basis should provide for trust sufficiency, based on the current plan provisions and census data, provided all assumptions are exactly realized and if the Authority contributes 100% or more of the ADC each year. When an agency commits to funding the trust at or above the ADC, the expected long-term trust return may be used as the discount rate in determining the plan liability for accounting purposes. Trust sufficiency cannot be guaranteed to a certainty, however, because of the non-trivial risk that the assumptions used to project future benefit liabilities may not be realized.



Funding Information

(Continued)

We developed the Actuarially Determined Contributions (ADCs) for fiscal years ending June 30, 2027, and June 30, 2028, from the results of this valuation. The ADC for fiscal year end June 30, 2026, was developed from the prior valuation.

Funding valuation date	6/30/2025		
Discount rate	5.50%		
Number of Covered Employees			
Actives	206		
Retirees	70		
Total Participants	276		
Funding valuation results as of	6/30/2025	6/30/2026	6/30/2027
Actuarial Present Value of Projected Benefits	\$ 10,137,548	\$ 10,169,248	\$ 10,166,676
Actuarial Accrued Liability (AAL)			
Actives	3,918,761	4,466,419	5,054,162
Retirees	3,757,835	3,438,651	3,065,897
Total AAL	7,676,596	7,905,070	8,120,059
Market Value of Assets	6,326,510	6,807,949	7,077,222
Unfunded AAL (UAAL)	1,350,086	1,097,121	1,042,837
For fiscal year ending	6/30/2026	6/30/2027	6/30/2028
UAAL Amortization method	<i>ADC Developed from the results of the 2023 funding valuation</i>	Level % of Pay	Level % of Pay
Remaining amortization period (years)		13	12
Amortization Factor		11.3031	10.5532
Actuarially Determined Contribution (ADC)			
Normal Cost		\$ 324,256	\$ 333,984
Amortization of UAAL		97,063	98,817
Interest to fiscal year end		23,173	23,804
Total ADC		444,492	456,605

Projected Sources of ADC Funding			
Total ADC	\$ 621,288	\$ 444,492	\$ 456,605
1 Implicit subsidy contribution	\$ 141,390	\$ 135,165	\$ 151,658
2 Estimated Authority paid premiums for retirees	350,064	411,677	430,013
3 Estimated Authority contribution to OPEB trust	129,908	-	-
4 Estimated Authority refund from OPEB trust	-	(102,350)	(125,066)
Total Estimated Authority Contributions (1+2+3+4)	\$ 621,362	\$ 444,492	\$ 456,605
Estimated shortfall (excess) relative to the ADC	(74)	-	-

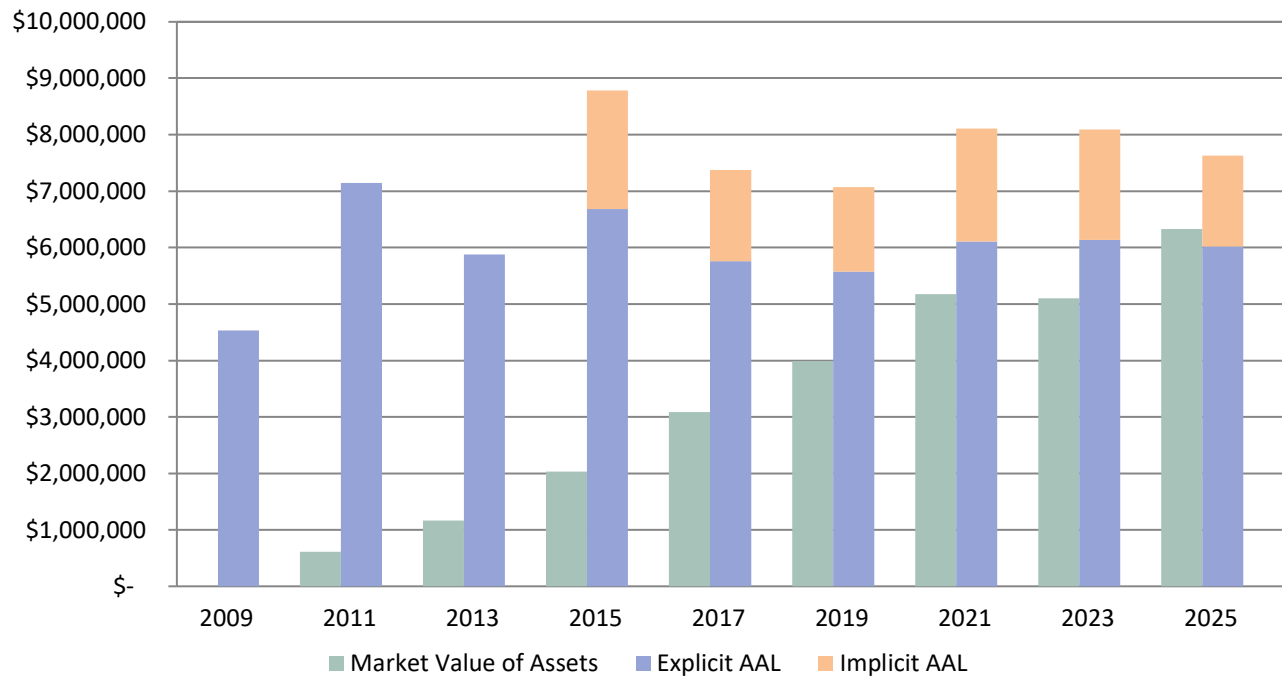
As described on the prior page, OPEB funding consists of different sources. Items 1-4 in the chart above estimates how these contribution sources would apply toward satisfying the ADC for each of these years.



Funding Information**(Concluded)**

The charts below provide key measures of the progress in plan funding.

Actuarial Valuation Date	Market Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)	Discount Rate
7/1/2009	\$ -	\$ 4,534,658	\$ 4,534,658	0.0%	\$ 15,219,990	29.8%	5.50%
7/1/2011	\$ 613,708	\$ 7,145,685	\$ 6,531,977	8.6%	\$ 13,510,453	48.3%	5.50%
7/1/2013	\$ 1,165,830	\$ 5,875,942	\$ 4,710,112	19.8%	\$ 12,017,071	39.2%	5.50%
7/1/2015	\$ 2,032,180	\$ 8,785,647	\$ 6,753,467	23.1%	\$ 11,784,880	57.3%	5.10%
7/1/2017	\$ 3,084,827	\$ 7,373,838	\$ 4,289,011	41.8%	\$ 12,531,658	34.2%	5.10%
6/30/2019	\$ 3,990,303	\$ 7,072,609	\$ 3,082,306	56.4%	\$ 14,836,604	20.8%	5.10%
6/30/2021	\$ 5,174,920	\$ 8,108,180	\$ 2,933,260	63.8%	\$ 14,326,765	20.5%	4.75%
6/30/2023	\$ 5,102,413	\$ 8,092,844	\$ 2,990,431	63.0%	\$ 15,867,493	18.8%	4.70%
6/30/2025	\$ 6,326,510	\$ 7,630,323	\$ 1,303,813	82.9%	\$ 17,414,122	7.5%	5.50%



E. Summary of Participant Data

The data provided by the Authority for use in this valuation is summarized below. We reviewed and updated the data as needed and found it reasonably accurate and consistent for the purpose of the current valuation. The review does not constitute an audit and, therefore, we relied on the Authority for its completeness and accuracy.

Active employees: The Authority reported 206 active members for the June 30, 2025, valuation. Of these, 165 were enrolled in the medical program and 41 employees were waiving coverage. The exhibit below summarizes the distribution of reported employees by age and service.

Distribution of Benefits-Eligible Active Employees								
Current Age	Years of Service						Total	Percent
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 & Up		
Under 25	2	1					3	1%
25 to 29		2	1				3	1%
30 to 34	4	6	4				14	7%
35 to 39	3	4	2	3			12	6%
40 to 44	2	5	3	3	2		15	7%
45 to 49	4	10	3	6	4	5	32	16%
50 to 54	3	4	7	2	3	7	26	13%
55 to 59	1	9	5	5	5	11	36	17%
60 to 64	6	6	6	4	5	15	42	20%
65 to 69		1	3	6	1	8	19	9%
70 & Up		2				2	4	2%
Total	25	50	34	29	20	48	206	100%
Percent	12%	24%	17%	14%	10%	23%	100%	

Valuation

Average Attained Age for Actives

Average Years of Service

June 2023

53.7

12.8

June 2025

52.5

11.9

Retirees: The Authority reported 61 retirees and 9 surviving spouses receiving benefits on the valuation date. Their ages are summarized in the chart below.

Retirees by Age		
Current Age	Number	Percent
Below 50		0%
50 to 54		0%
55 to 59	1	1%
60 to 64	3	4%
65 to 69	10	14%
70 to 74	19	27%
75 to 79	21	30%
80 & up	16	23%
Total	70	100%
Average Age:		
On 6/30/2025	75.7	
At retirement	64.1	



Summary of Participant Data**(Concluded)**

The chart below reconciles the number of actives and retirees included in the June 30, 2023, valuation with those included in the current June 30, 2025, valuation.

Reconciliation of Authority Plan Members Between Valuation Dates					
Status	Covered Actives	Waiving Actives	Covered Retirees	Covered Surviving Spouses	Total
Number valued as of June 30, 2023	165	35	60	7	267
New employees	27	16			43
Separated employees	(12)	(5)			(17)
New retiree, elected coverage	(5)		5		0
New retiree, waiving coverage	(13)	(1)			(14)
Previously covered, now waiving	(2)	2			0
Previously waiving, now covered	6	(6)			0
Deceased	(1)		(4)	2	(3)
Number valued as of June 30, 2025	165	41	61	9	276

The various categories of change between the counts reported for the prior valuation and the counts reported for the current valuation should be reviewed for consistency with Authority records.

Finally, GASB 75 requires the employer to report specific plan member counts. The chart below shows the required counts as of the June 30, 2025, valuation date.

Summary of Plan Member Counts	
Number of active plan members	206
Number of inactive plan members currently receiving benefits	70
Number of inactive plan members entitled to but not receiving benefits	130



F. Retiree Benefit Provisions

OPEB provided: The Authority has indicated that the only OPEB provided is medical coverage.

Access to coverage: Medical coverage is currently provided through CalPERS as permitted under the Public Employees' Medical and Hospital Care Act (PEMHCA). This coverage requires the employee to satisfy the requirements for retirement under CalPERS: either (a) attainment of age 50 (if Classic) or 52 (if PEPR) with 5 years of State or public agency service or (b) an approved disability retirement.

The employee must begin his or her retirement (pension) benefit within 120 days of terminating employment with the Authority to be eligible to continue medical coverage through the Authority and be entitled to the benefits described below. In other words, it is the timing of initiating CalPERS pension benefits and not timing of enrollment in the medical program which determines whether or not the retiree qualifies for lifetime medical coverage and any benefits defined in the PEMHCA resolution.

Once eligible, if an eligible employee is not already enrolled in the medical plan, he or she may enroll within 60 days of retirement, during any future open enrollment period or with a qualifying life event. Coverage may be continued at the retiree's option for his or her lifetime. A surviving spouse and other eligible dependents may also continue coverage.

Benefits provided as of the Measurement Date: As a condition of participation in the CalPERS medical program, the Authority is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued. The Authority executed three resolutions, at differing dates, for the Administrative, Amalgamated Transit Union (ATU) and Teamster employee groups, respectively. Each of these resolutions was executed on an "unequal" contribution basis for retirees relative to the level of the Authority's contribution toward the cost of medical plan premiums.

- Under the unequal resolution, the employer's contribution toward *retiree* medical benefits is determined as follows: (1) 5% *multiplied by* (2) the number of prior years the agency group has been contracted with PEMHCA *multiplied by* (3) the contribution the employer makes toward active employee health benefits for that group.
- Note, however, that the monthly benefit may not be less than the required PEMHCA minimum employer contribution (MEC). The MEC is \$162 per month in 2026 and increases to \$167 per month in 2027.

The Administrative and Teamster groups have each participated in the CalPERS medical program under the unequal contribution resolutions for more than 20 years. Accordingly, contribution levels for these retirees are now equal to the applicable subsidy amounts stated in the PEMHCA resolutions for active employees. The first two charts at the top of the following page describe the subsidies provided to Administrative and Teamster actives and retirees, varying by group and CalPERS medical plan.

Continued on the following page



Retiree Benefit Provisions

(Continued)

Administrative Group			
Active and Retiree Monthly Subsidies by Plan			
Plan	Self	Self + 1	Self + Family
Anthem HMO Select	\$ 270.71	\$ 541.42	\$ 703.85
Anthem HMO Traditional	494.86	989.71	1,286.63
Blue Shield Access Advantage	392.42	786.84	1,020.29
Blue Shield Trio	329.08	658.10	855.60
Healthnet	450.78	901.55	1,172.12
Kaiser	303.56	607.12	789.26
PERS Gold	270.71	541.42	703.85
PERS Platinum	392.42	784.84	1,020.29
United Healthcare	392.42	784.84	1,090.29
Western Health Advantage HMO	383.51	767.01	997.12

Teamsters			
Active and Retiree Monthly Subsidies by Plan			
Plan	Self	Self + 1	Self + Family
Anthem HMO Select	\$ 226.58	\$ 453.16	\$ 589.11
Anthem HMO Traditional	374.92	749.83	974.78
Blue Shield Access Advantage	308.08	616.55	801.01
Blue Shield Trio	254.45	508.30	660.79
Healthnet	450.78	901.55	1,172.12
Kaiser	254.15	508.30	660.79
PERS Gold	226.58	453.16	589.11
PERS Platinum	308.08	616.55	801.01
United Healthcare	308.08	616.16	801.01
Western Health Advantage HMO	383.51	767.01	997.12

Amalgamated Transit Union (ATU)			
Active and Retiree Monthly Subsidies by Plan			
Plan	Self	Self + 1	Self + Family
Anthem HMO Select	\$ 233.59	\$ 467.18	\$ 607.34
Anthem HMO Traditional	374.92	749.83	974.78
Blue Shield Access Advantage	308.08	616.16	801.01
Blue Shield Trio	235.34	470.67	611.78
Health Net	450.78	901.55	1,172.12
Kaiser	235.34	470.67	611.87
PERS Gold	233.59	467.18	607.34
PERS Platinum	308.08	616.16	801.01
United Healthcare	308.08	616.16	801.01
Western Health Advantage HMO	383.51	767.01	997.12



Retiree Benefit Provisions**(Concluded)**

Benefits Provided as of January 1, 2026: The Authority adopted three new resolutions with PEMHCA in July 2025. Each of these resolutions was executed on an equal basis. These resolutions provide the same benefit to current and future retirees who are members of the Administrative, Amalgamated Transit Union (ATU) and Teamster employee groups. These resolutions provide for the Authority to pay premiums for the retiree and any eligible enrolled dependents, up to the caps shown in the chart below:

Caps by Coverage Level		
Single	Two Party	Family
\$ 310	\$ 620	\$ 800

Note that the monthly benefit may not be less than the required PEMHCA minimum employer contribution (MEC). The MEC is \$162 per month in 2026 and increases to \$167 per month in 2027. If the current benefits are not increased in the future, eventually the MEC will overtake the fixed subsidies and become the operative benefit. The MEC is expected to overtake the current benefit for single party coverage in 2043, if the current benefit is not increased in the future.

Current premium rates: The 2026 CalPERS monthly medical plan rates in the Region 1 rate group are shown in the table below. If different rates apply where the member resides outside of this area, those rates are reflected in the valuation, but not listed here. The CalPERS administration fee is assumed to be expensed each year and has not been projected as an OPEB liability in this valuation.

Region 1 2026 Health Plan Rates						
	Actives and Pre-Med Retirees			Medicare Eligible Retirees		
Plan	Ee Only	Ee & 1	Ee & 2+	Ee Only	Ee & 1	Ee & 2+
Anthem Traditional HMO	1,612.08	3,224.16	4,191.41	571.70	1,143.40	2,110.65
Blue Shield Access+ HMO	1,301.95	2,603.90	3,385.07	539.43	1,078.86	1,860.03
Kaiser*	1,168.86	2,337.72	3,039.04	356.83	701.32	1,402.64
PERS Gold	\$ 1,120.58	\$ 2,241.16	\$ 2,913.51	\$ 597.57	\$ 1,195.14	\$ 1,867.49
PERS Platinum	1,670.14	3,340.28	4,342.36	665.50	1,331.00	2,333.08
UHC Alliance	1,290.06	2,580.12	3,354.16	481.29	962.58	1,736.62
UHC Harmony	1,133.09	2,266.18	2,946.03	481.29	962.58	1,642.43
Western Health	969.58	1,939.16	2,520.91	Not Available		

*Medicare rates shown are for Kaiser Senior Advantage



G. Actuarial Assumptions and Methods

The ultimate real cost of an employee benefit plan is the value of all benefits and other expenses of the plan over its lifetime. These payments depend only on the terms of the plan and the administrative arrangements adopted. Actuarial assumptions are used to estimate the cost of these benefits; the funding method spreads the expected costs on a level basis over the life of the plan.

Important Dates

Valuation Date	June 30, 2025
Fiscal Year End	June 30, 2026
GASB 75 Measurement Date	June 30, 2025 (last day of the prior fiscal year)

Valuation Methods

Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.

Development of Age-related Medical Premiums

Actual premium rates for retirees and their spouses were adjusted to an age-related basis by applying medical claim cost factors developed from the data presented in the report, "Health Care Costs – From Birth to Death", sponsored by the Society of Actuaries. A description of the use of claims cost curves can be found in MacLeod Watts's Age Rating Methodology Appendix.

Pre-Medicare retiree premiums are blended with premiums for active members. Medicare-eligible retirees are covered by plans which are rated solely on the experience of Medicare retirees with no subsidy by active employee premiums.

Representative claims costs derived from the dataset provided by CalPERS are shown in the chart on the following page. Estimated age-based claims were applied (a) for all retirees not yet eligible for Medicare and (b) for Medicare retirees receiving benefits in excess of the PEMHCA minimum *and* covered by Medicare Supplement plans.



Actuarial Assumptions and Methods

(Continued)

Development of Age-related

Medical Premiums (continued)

Expected Monthly Claims by Medical Plan for Selected Ages						
Region	Medical Plan	Non-Medicare Retirees - Male				
		50	53	56	59	62
Region 1	Anthem Traditional HMO	1,456	1,717	1,994	2,286	2,598
	Blue Shield Access+ HMO & EPO	1,271	1,499	1,741	1,995	2,268
	Kaiser	1,058	1,248	1,449	1,661	1,888
	PERS Gold	1,134	1,338	1,554	1,781	2,024
	PERS Platinum	1,787	2,108	2,448	2,806	3,190
	UHC Alliance	1,244	1,466	1,703	1,952	2,219
	Western Health Advantage HMO	896	1,056	1,227	1,406	1,598
Region 2	Kaiser	906	1,069	1,241	1,423	1,618
Out of State	Kaiser	1,394	1,644	1,909	2,188	2,488
	PERS Platinum	1,088	1,282	1,490	1,707	1,941
Region	Medical Plan	Non-Medicare Retirees - Female				
		50	53	56	59	62
Region 1	Anthem Traditional HMO	1,804	1,982	2,132	2,304	2,540
	Blue Shield Access+ HMO & EPO	1,575	1,730	1,861	2,011	2,217
	Kaiser	1,311	1,440	1,550	1,675	1,846
	PERS Gold	1,406	1,544	1,661	1,795	1,979
	PERS Platinum	2,215	2,433	2,618	2,829	3,118
	UHC Alliance	1,541	1,693	1,821	1,968	2,170
	Western Health Advantage HMO	1,110	1,219	1,312	1,417	1,562
Region 2	Kaiser	1,123	1,234	1,328	1,434	1,581
Out of State	Kaiser	1,727	1,897	2,042	2,206	2,432
	PERS Platinum	1,348	1,480	1,593	1,721	1,897

Expected Monthly Claims by Medical Plan for Selected Ages						
Region	Medical Plan	Medicare Retirees - Male				
		65	70	75	80	85
All Regions	PERS Gold	513	575	625	655	646
	PERS Platinum	566	634	689	722	712
Region	Medical Plan	Medicare Retirees - Female				
		65	70	75	80	85
All Regions	PERS Gold	492	556	602	629	635
	PERS Platinum	542	613	664	693	700

Claims not developed for Medicare Advantage plans

Expected Monthly Claims by Medical Plan for Selected Ages						
Region	Medical Plan	Non-Medicare Retirees - Male				
		65	70	75	80	85
Region 1	Kaiser	2,147	2,593	3,013	3,387	3,623
Region	Medical Plan	Non-Medicare Retirees - Female				
		65	70	75	80	85
Region 1	Kaiser	2,057	2,431	2,803	3,151	3,471



Actuarial Assumptions and Methods

(Continued)

Economic AssumptionsLong Term Return on Assets
& Discount Rate

As of	June 30, 2025	June 30, 2024
For Accounting	5.50%	5.50%
For Plan Funding	5.50%	4.70%

General Inflation Rate

2.5% per year

Salary Increase

3.0% per year; while benefits do not depend on salary, this is used to allocate the cost of benefits between service years and to develop the UAAL amortization of the Actuarially Determined Contribution.

Healthcare Trend

Medical plan premiums and estimated claims costs by age are assumed to increase once each year. Increases over the prior year's levels are assumed to be effective on the dates shown in the chart below.

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2026	Actual	2035	4.7%
2027	6.5%	2036-2044	4.6%
2028	6.3%	2045-2058	4.5%
2029	6.0%	2059-2066	4.4%
2030	5.8%	2067-2068	4.3%
2031	5.6%	2069-2070	4.2%
2032	5.3%	2071-2072	4.1%
2033	5.1%	2073-2074	4.0%
2034	4.9%	2075 & Later	3.9%

The healthcare trend shown above was developed using the Getzen Model 2025 published by the Society of Actuaries using the following settings: CPI 2.5%; Real GDP Growth 1.4%; Excess Medical Growth .9%; Expected Health Share of GDP in 2034 19%; Resistance Point 18%; Year after which medical growth is limited to growth in GDP 2075.

PEMHCA minimum increases

Assumed to increase by 4.0% per year.

Employer Cost Sharing

We have assumed no increase in the fixed dollar amounts contributed by the Authority for active employees.

Medicare Eligibility

Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at age 65. Those over age 65 and not on Medicare are assumed to remain ineligible.



Actuarial Assumptions and Methods

(Continued)

Participant Election Assumptions

Unless otherwise noted, participant election assumptions in this section were selected based on the Authority's historical patterns, the plan's eligibility rules, and our experience with similar California public-sector OPEB plans.

Retiree Participation Rates

Active employees: The following chart shows the percent of current active employees are assumed to elect medical coverage in retirement:

Percent of Current Active Employees Assumed to Elect Medical Coverage in Retirement				
Group	Age at Retirement	With Medical Coverage and Retiring in FY 25/26	Annual Decrease in Percent Electing Coverage	Minimum Percent Electing
Admin	Under 65	74.5%	1.5%	60%
Admin	65 or older	93.5%	1.5%	75%
ATU	Under 65	58.5%	1.5%	48%
ATU	65 or older	73.5%	1.5%	60%
Teamster	Under 65	58.5%	1.5%	48%
Teamster	65 or older	73.5%	1.5%	60%

The applicable percentages above are multiplied by 50% for those employees not currently enrolled in medical coverage through the Authority.

Retired participants: Existing medical plan elections are assumed to be continued until the retiree's death.

Spouse Coverage

Active employees: 20% are assumed to be married and elect spouse coverage in retirement prior to age 65 while 45% are assumed to elect spouse coverage after the age 65. Surviving spouses are assumed to retain coverage until their death. Husbands are assumed to be 3 years older than their wives.

Retired participants: Existing elections for spouse coverage are assumed to be continued until the spouse's death. Actual spouse ages are used, where known; if not, husbands are assumed to be 3 years older than their wives.

Spouse gender is assumed to be the opposite of the employee.



Actuarial Assumptions and Methods**(Continued)****Dependent Coverage**

Active employees: 33% are assumed to cover eligible dependents other than a spouse at retirement; eligibility for coverage for the youngest dependent is assumed to end at the retiree's age 61.

Retired participants covering dependent children are assumed to end such coverage when the youngest currently covered dependent reaches age 26

Demographic Assumptions

Demographic actuarial assumptions used in this valuation are based on the 2025 experience study of the California Public Employees Retirement System using data from 2000 to 2023, except for a different basis used to project future mortality improvements. Rates for selected age and service are shown below and on the following pages. The representative mortality rates were the published CalPERS rates, projected as described below. Demographic assumptions based on the CalPERS experience study were selected because they reflect the actual experience of the population covered by this plan and therefore provide the most relevant and current representation of expected future experience for the Authority members.

Mortality Improvement

MacLeod Watts Scale 2022 applied generationally from 2017
(see Appendices)

Mortality Before Retirement

CalPERS 2025 Experience Study Public Agency Miscellaneous Pre-Retirement Mortality		
Age	Male	Female
15	0.00018	0.00010
20	0.00039	0.00014
30	0.00044	0.00019
40	0.00075	0.00039
50	0.00134	0.00081
60	0.00287	0.00179
70	0.00594	0.00404
80	0.01515	0.01149



Actuarial Assumptions and Methods

(Continued)

Mortality After Retirement

(before improvement applied)

Healthy Lives**Disabled Miscellaneous**

CalPERS 2025 Experience Study Public Agency Healthy Retiree Mortality			CalPERS 2025 Experience Study Public Agency Miscellaneous Disabled Retiree Mortality		
Age	Male	Female	Age	Male	Female
40	0.00075	0.00039	20	0.00411	0.00240
50	0.00266	0.00197	30	0.00482	0.00319
60	0.00578	0.00458	40	0.00807	0.00729
70	0.01333	0.00989	50	0.01701	0.01424
80	0.04371	0.03401	60	0.02708	0.01983
90	0.14539	0.11086	70	0.04001	0.02854
100	0.36198	0.31582	80	0.07936	0.06051
110	1.00000	1.00000	90	0.16608	0.14301

Termination Rates

Male Miscellaneous Employees: Sum of Vested & Refund Termination Rates CalPERS 2025 Experience Study						
Attained Age	Years of Service					
	0	5	10	20	25	30
25	0.1698	0.0825	0.0366	0.0000	0.0000	0.0000
30	0.1600	0.0793	0.0366	0.0000	0.0000	0.0000
35	0.1502	0.0723	0.0358	0.0147	0.0000	0.0000
40	0.1404	0.0653	0.0330	0.0147	0.0086	0.0000
45	0.1433	0.0557	0.0302	0.0147	0.0086	0.0054
50	0.1463	0.0523	0.0246	0.0115	0.0086	0.0054
55	0.1492	0.0507	0.0200	0.0083	0.0069	0.0054

Female Miscellaneous Employees: Sum of Vested & Refund Termination Rates CalPERS 2025 Experience Study						
Attained Age	Years of Service					
	0	5	10	20	25	30
25	0.1779	0.1000	0.0468	0.0000	0.0000	0.0000
30	0.1729	0.0972	0.0468	0.0000	0.0000	0.0000
35	0.1678	0.0868	0.0460	0.0183	0.0000	0.0000
40	0.1628	0.0763	0.0425	0.0183	0.0112	0.0000
45	0.1665	0.0704	0.0389	0.0183	0.0112	0.0060
50	0.1702	0.0683	0.0312	0.0138	0.0112	0.0060
55	0.1740	0.0629	0.0242	0.0092	0.0081	0.0060



Actuarial Assumptions and Methods

(Continued)

Service Retirement Rates

The following miscellaneous retirement formulas apply:

If hired prior to 1/1/2013 or with prior PERS service: 2% @ 60

If hired on or after 1/1/2013, PEPR: 2% @ 62

Miscellaneous Employees: 2% at 60 formula CalPERS 2025 Experience Study						
Current Age	Years of Service					
	5	10	15	20	25	30
50	0.0060	0.0140	0.0160	0.0230	0.0270	0.0270
55	0.0140	0.0270	0.0390	0.0710	0.0990	0.0990
60	0.0440	0.0500	0.0640	0.0920	0.1120	0.1340
65	0.1210	0.1590	0.1810	0.2160	0.2380	0.2480
70	0.2320	0.2320	0.2320	0.2320	0.2320	0.2320
75 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Miscellaneous "PEPR" Employees: 2% at 62 formula CalPERS 2025 Experience Study						
Current Age	Years of Service					
	5	10	15	20	25	30
52	0.0080	0.0130	0.0150	0.0190	0.0230	0.0230
55	0.0130	0.0250	0.0370	0.0660	0.0920	0.0920
60	0.0350	0.0410	0.0500	0.0740	0.0900	0.1070
65	0.1020	0.1330	0.1530	0.1810	0.2010	0.2100
70	0.2120	0.2120	0.2120	0.2120	0.2120	0.2120
75 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Disability Retirement Rates

Public Agency Miscellaneous Disability CalPERS 2025 Experience Study	
Age	Male & Female
20	0.00005
30	0.00029
40	0.00097
50	0.00250
60	0.00171
70	0.00170
80	0.00170



Actuarial Assumptions and Methods**(Concluded)****Software and Models Used in the Valuation**

ProVal - MacLeod Watts utilizes ProVal, a licensed actuarial valuation software product from Winklevoss Technologies (WinTech) to project future retiree benefit payments and develop the OPEB liabilities presented in this report. ProVal is widely used by the actuarial community. We review results at the plan level and for individual sample lives and find them to be reasonable and consistent with the results we expect. We are not aware of any material inconsistencies or limitations in the software that would affect this actuarial valuation.

Age-based premiums model – developed internally and reviewed by an external consultant at the time it was developed. See discussion on Development of Age-Related Medical Premiums in Appendices.

Getzen model – published by the Society of Actuaries; used to derive medical trend assumptions described earlier in this section.

Changes in Assumptions or Methods Since the Prior Measurement Date

Demographic Assumptions	Updated demographic assumptions from those in the 2021 CalPERS Experience Study to those recommended in the CalPERS 2024 Experience Study report issued November 2024
Healthcare Trend	Updated the base healthcare trend scale from Getzen Model 2023 to Getzen Model 2025, as published by the Society of Actuaries

Funding Changes in Assumptions or Methods as of the Measurement Date

Trust rate of return and discount rate	Increased from 4.70% to 5.50%, reflecting updated long-term rates of return provided by CalPERS in June 2024.
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Plan Change for FYE 2027-2028 ADCs

PEMCHA Caps

The Authority adopted a new resolution in July 2025 that became effective January 1, 2026. Under this resolution, the Authority will provide the same employee only, employee + one, and employee + family caps to retirees of all 3 bargaining groups, regardless of medical plan selection, as shown in the chart below.

Caps by Coverage Level		
Single	Two Party	Family
\$ 310	\$ 620	\$ 800

Participation Rates

Now that caps are consistent between the 3 bargaining groups, participation rates were changed from those assumed to vary by employee group and retirement age (as shown on page 34) to 60% for all future retirees currently enrolled in an Authority medical plan and 30% for all future retirees currently waiving medical coverage.



H. Certification

The purpose of this report is to provide actuarial information for other postemployment benefits (OPEB) provided by the Central Contra Costa Transit Authority (the Authority) in compliance with Statement No. 75 of the Governmental Accounting Standards Board (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. It also develops the Actuarially Determined Contribution (ADC) for prefunding plan benefits and, where applicable, may be used to satisfy reporting or filing requirements of the plan's trust. The results are based on an actuarial valuation of the plan as of June 30, 2025.

We relied, without audit, on information supplied by the Authority, including but not limited to participant census data, plan provisions, and financial information. We performed limited reviews for reasonableness and internal consistency and found the information suitable for valuation purposes. The results depend on the completeness and accuracy of that information; if any of the data provided was incomplete or inaccurate, the results herein may differ materially.

We consider the actuarial methods and assumptions used in this valuation to be reasonable and appropriate for the purposes of this report and consistent with generally accepted actuarial principles and practices. This report has been prepared in accordance with applicable Actuarial Standards of Practice. The results represent estimates of the plan's financial condition as of the valuation date. Actual future results may differ materially due to differences between actual and expected demographic or economic experience, changes in plan provisions, changes in applicable law, or other factors.

Alternative assumptions or methods may also be reasonable; evaluating such alternatives was beyond the scope of this engagement. These results are intended for financial reporting and funding purposes as described above and may be materially different from results that would be obtained under alternative measurement objectives, such as plan termination, liability settlement, or an assessment of the economic value of the promises made by the plan.

This report has been prepared solely for the use and benefit of the Central Contra Costa Transit Authority. It may not be distributed to third parties without the prior written consent of MacLeod Watts, except as required by law or to the Authority's professional accounting or legal advisors who are subject to confidentiality obligations. No part of this report may be used as the basis for any representation or warranty in any contract or agreement without the written consent of MacLeod Watts.

The undersigned actuaries are unaware of any relationship that would impair the objectivity of this work. Nothing in this report should be construed as legal or accounting advice. The signing actuaries are members of the American Academy of Actuaries and meet the Qualification Standards to issue this opinion.

Signed: July 30, 2026

Raegann E. Conner, ASA, ACA, MAAA

Michael J. Papendieck, EA, FCA, MAAA



Appendix 1: Valuation Process

The valuation process begins with the collection of participant data and a description of the plan's benefit provisions. These materials are reviewed for completeness and reasonableness, though the review is not a formal audit. The results of the valuation therefore rely on the accuracy of the information provided.

The following steps outline how these data are transformed into the key valuation measures.

Projecting Future Benefits

We begin by estimating the future stream of benefit payments (e.g., premiums) for each current retiree and active employee, incorporating both:

- **Explicit subsidies** – direct employer payments toward retiree benefits or premiums; and
- **Implicit subsidies** – indirect employer payments occurring when retiree claims costs are not expected to be fully supported by retiree premiums, and the cost difference is expected to be borne by the employer.

To develop these projections, assumptions are applied about future benefit cost trends, the ages at which benefits will end, and the likelihood that employees will continue working and elect coverage for themselves and their dependents.

Calculating Present Values

Each projected payment is then discounted to the valuation date using a discount rate. This produces the *Present Value of Projected Benefits (PVPB)* – the current value of all expected future benefit payments for participants who are already in the plan. Anticipated future participants are not included in this measure.

The chart below represents the present value of all benefits expected to be paid to current employees, beneficiaries, and retirees of the plan.

Present Value of Projected Benefit (PVPB) <i>Value on the valuation date of all future benefits expected to be paid to all current participants.</i>
--

Attributing Benefits to Service

When accounting for the plan, or determining contributions to the plan, it's necessary to divide the value of all expected future benefits into two pieces:

1. Past service benefits -- the value of benefits already earned through past service, and
2. Future service benefits -- the value of benefits expected to be earned through future service of current employees.

An *attribution method* – also referred to as the actuarial cost method -- is used to divide the PVPB into past service and future service components.

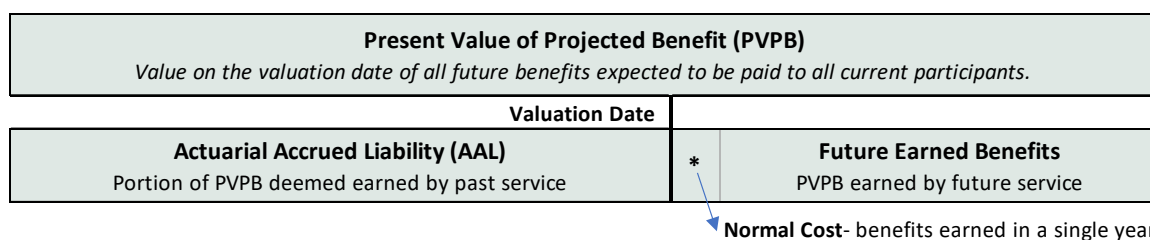


Valuation Process**(Continued)**

For public-sector financial reporting, GASB requires use of the *Entry Age Normal (EAN)* attribution method. The EAN method spreads total expected future costs for an individual as a level percentage of pay so that the value of compensation earned to date over the value of all expected pay earned over an individual's career represents the fraction of the PVPB earned to date.

The portion of all future benefits attributed to past service is called the *Actuarial Accrued Liability (AAL)*. In GASB statements, the AAL is called the Total OPEB Liability or Total Pension Liability. The portion of the PVPB attributed to a single additional year of employee service is called the *Normal Cost or Service Cost*.

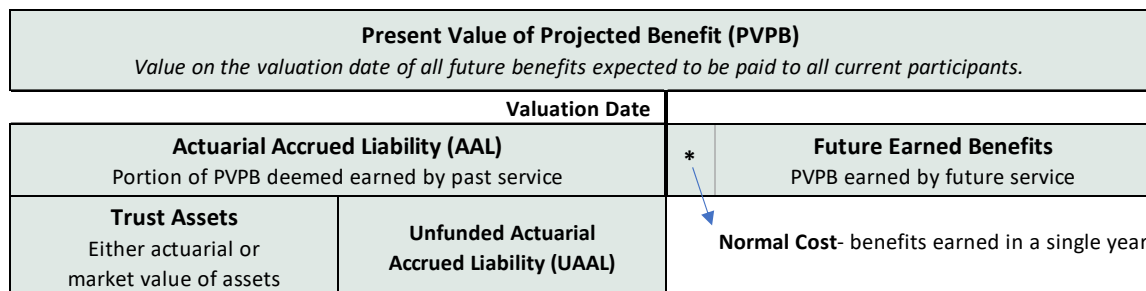
The chart below shows the PVPB split between past and future service.

**Funding Liabilities**

When contributions are set aside in a trust, those funds and their investment earnings accumulate to pay future benefits or to reimburse the employer for benefit payments made directly. One measure of the plan's funding progress — the *Unfunded Actuarial Accrued Liability (UAAL)* — is found by subtracting the trust's *Market Value of Assets (MVA)* or *Actuarial Value of Assets (AVA)* from the Actuarial Accrued Liability (AAL). The UAAL shows, at a single point in time, how much of the benefits earned to date are already funded by the trust.

A plan is considered *fully funded* when the UAAL equals zero (i.e., past service benefits are covered by current trust assets). Even then, however, new contributions are needed each year to fund benefits earned by continued employee service. If no trust assets are held, the Unfunded Actuarial Accrued Liability equals the Actuarial Accrued Liability itself, since all benefits earned to date remain unfunded.

The chart below adds the split of the accrued liability between trust assets and the unfunded liability. Note that if assets exceed the Actuarial Accrued Liability, then the unfunded liability is negative, and a "surplus" exists.



Valuation Process

(Concluded)

Contributing to a Trust

When a trust is present, future trust contributions are generally designed to:

1. Fund the annual Normal Cost, the value of benefits earned by current service, and
2. Pay down (or, if applicable, recognize credits for) any difference between assets and actuarial accrued liabilities.

In terms of the chart shown on the previous page, funding contributions generally are the sum of the Normal Cost plus a slice of the unfunded actuarial accrued liability (with interest and administrative expenses, if applicable). The timing and pattern of these contributions can vary, but spreading the recognition of funding deficits or surpluses over a number of years helps maintain long-term stability in funding levels.

Managing Uncertainty

Actuarial valuations rely on long-term projections — often extending 70 years or more — and depend on many economic and demographic assumptions. Actual plan experience will differ from these assumptions, so plan costs evolve over time.

The methods and assumptions used in an actuarial valuation are intended to be reasonable and consistent with professional standards. However, valuation results should be viewed as point-in-time estimates rather than precise forecasts.

Plan sponsors assume certain risks when providing long-term post-retirement benefits. Frequent actuarial valuations and monitoring of results can help manage these risks, though unplanned variation in results cannot be eliminated.

Understanding Terminology

Certain actuarial and accounting terms describe the same underlying concepts and may be used interchangeably for discussion purposes. The table below summarizes common actuarial measures and their corresponding terms used in GASB statements for OPEB and pension plans.

Actuarial Term	GASB 68 / 75 Equivalent
Present Value of Projected Benefits (PVPB)	No equivalent term
Actuarial Accrued Liability (AAL)	Total Pension Liability (TPL) / Total OPEB Liability (TOL)
Market Value of Assets (MVA)	Fiduciary Net Position (FNP)
Actuarial Value of Assets (AVA)	No equivalent term
Unfunded Actuarial Accrued Liability (UAAL)	Net Pension Liability (NPL) / Net OPEB Liability (NOL)
Normal Cost	Service Cost

While terminology varies between actuarial and accounting contexts, these measures describe the same fundamental relationships between plan benefits, assets, and liabilities. The Glossary has more detailed definitions for these and other topics.



Appendix 2: MacLeod Watts Age Rating Methodology

Accounting standards such as GASB 75 and actuarial standards such as ASOP No. 6 require actuaries to measure retiree healthcare liabilities using expected claims, not premiums. In many valuations, credible claims experience is unavailable or too limited to rely on directly. In these cases, actuaries estimate expected claims by “age rating” the premiums paid by the plan sponsor.

Premiums for active employees and non-Medicare retirees are typically uniform across most ages and sexes. Though total premiums are designed to cover total expected costs, they do not capture the variations in healthcare costs typically incurred at older ages or the variation by sex. Younger participants generally pay more in premiums than their expected cost; older participants generally pay less. Age rating reallocates the total premium to approximate the expected claims at each age and sex.

The process involves three steps:

- 1. Develop relative age/sex cost factors.**

Claims cost curves show how expected costs vary by age and sex (e.g., a factor of 1.00 for a 50-year-old male, 1.25 for a 50-year-old female, 0.40 for a 30-year-old male, etc.). These factors come from industry studies or other credible sources.

- 2. Identify the covered population and premiums.**

The participants enrolled in coverage, their coverage elections, and their applicable premiums are used to model the group supporting the premium rates. Dependents are included for rating purposes; when dependent data is incomplete, assumptions about spouse age and child demographics are applied.

- 3. Allocate total premium dollars based on expected claims.**

Total premiums for the group are spread across participants in proportion to their age/sex cost factors, producing **estimated per-capita claims** for the current year. These estimates are then projected using the valuation’s medical trend assumptions.

This approach provides a reasonable estimate of expected claims when plan-specific experience is not credible, or not available, and aligns with applicable actuarial standards.



Appendix 3: MacLeod Watts Mortality Projection Methodology

Actuarial standards (ASOP No. 35, Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations, and ASOP No. 6, Measuring Retiree Group Benefits Obligations) require actuaries to reflect future mortality improvement when valuing long-term retiree obligations. Because credible improvement rates must be based on large national datasets, actuaries rely on published research rather than plan-specific experience.

Best practices for building mortality improvement scales generally recommend that the actuary:

1. Set **short-term** improvement rates using recent mortality experience.
2. Set **long-term** improvement rates using expert judgment.
3. Join short- and long-term rates smoothly over an **appropriate transition period**.

MacLeod Watts Scale 2022 follows these principles. In developing the scale, we relied on sources from the Society of Actuaries (SOA) and the Social Security Administration (SSA).

Society of Actuaries (SOA) – For historical and short-term improvement rates we used the SOA’s MP-2021 Improvement scale, published in October 2021. We duplicate MP-2021’s historical rates of improvement from 1951-2017 and utilize their projected improvement rates for years 2018-2020.

Social Security Administration (SSA) – To set long-term expected mortality improvement rates, we looked to the 2021 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance (OASDI) Trust Funds (August 2021), specifically the SSA’s Intermediate mortality improvement assumptions. This report uses constant long-term improvement rates for various age bands for the years 2030-2044 with a final step down for years 2045 and beyond.

The short-term and long-term rates were joined by a linear transition over the 10-year period 2021-2030. For ages 95 to 117, we graded improvement rates to zero.

The SOA’s MP-2021 materials and the SSA Trustees Report assumptions are available on their respective public websites.



Appendix 4: Funding Considerations

This appendix outlines key considerations in financing retiree benefit obligations. Public employers generally use one of three approaches: (1) Pay-As-You-Go (PAYGO), (2) designated reserves, or (3) prefunding through an irrevocable trust. Each approach affects financial reporting, long-term costs, and budget flexibility. The following discussion summarizes these differences to support long-term planning and budgeting.

Pay-As-You-Go (PAYGO) Financing

Under PAYGO financing, retiree benefits are paid from current revenues as they come due. PAYGO requires minimal administration and provides maximum near-term budget flexibility. Because no assets are set aside, employer costs track the pattern of benefit payments directly.

Over time, PAYGO costs typically rise as retiree populations increase or healthcare trend elevates premiums. For financial reporting, unfunded OPEB and pension liabilities must be discounted using a municipal bond index rate under GASB Statements 67, 68, 74, and 75, which typically produces higher reported liabilities and annual expense than under a prefunded arrangement. Also, rating agencies may view large unfunded liabilities as an indicator of long-term fiscal stress.

PAYGO may be reasonable when obligations are small, stable, or diminishing, or when the employer provides benefits solely through an implicit subsidy (see Glossary). In these cases, annual costs may remain manageable without establishing a trust.

Potentially Beneficial For:

- Employers with small, stable, or declining liabilities.
- Plans providing short-term benefits or those offering only an implicit subsidy.
- Closed plans with short remaining duration.
- Employers requiring maximum near-term budget flexibility.
- Agencies without capacity for trust governance, investment oversight, or formal funding policy development.

Informal Funding Through Designated Reserves

Some employers set aside resources within governmental funds—such as the General Fund or an Internal Service Fund—as designated reserves for future retiree benefit payments. These reserves can help smooth future PAYGO volatility, support multi-year planning, and demonstrate internal fiscal discipline while preserving budget flexibility.

Designated reserves remain employer assets and are not plan assets under GASB. They do not reduce reported liabilities or allow use of the trust discount rate when measuring obligations. Rating agencies generally view such reserves as part of available liquidity rather than evidence of prefunding and may note that designated funds can be repurposed or borrowed during fiscal stress or changing priorities.



Funding Considerations

(Continued)

Even with these limitations, designated reserves can be useful when employers anticipate rising costs but are not prepared to commit assets to an irrevocable trust. They also provide a practical transitional step toward prefunding.

Potentially Beneficial For:

- Employers seeking planning structure without irrevocable commitment.
- Agencies accumulating resources before establishing a trust.
- Organizations valuing flexibility while preparing for rising costs.
- Plans with modest obligations where GASB benefits of prefunding may be limited.
- Employers adopting a gradual or transitional funding strategy.

Formal Prefunding Through an Irrevocable Trust

Prefunding involves contributing assets to an irrevocable trust dedicated exclusively to retiree benefits. Trust assets may be invested for long-term growth, allowing investment earnings to offset future employer contributions and enhance cost stability.

Under GASB 67, 68, 74, and 75, projected benefit payments expected to be covered by trust assets may be discounted using the trust's long-term expected rate of return, which is typically higher than the municipal bond rate applied to unfunded periods. As a result, prefunding generally produces lower reported liabilities, lower annual expense, and improved funded ratios. Rating agencies often view ongoing prefunding as evidence of disciplined financial management and long-range planning.

Prefunding supports intergenerational equity by better matching benefit costs to the periods in which those benefits are earned. It may be especially valuable when retiree populations are expected to grow, producing steeply rising retiree benefit payments in future years.

Prefunding requires maintaining a funding policy, adopting an investment policy, providing governance oversight, and making regular contributions. Trust assets are legally restricted and may not be redirected for other purposes; however, under the terms of most OPEB trusts, the employer may request reimbursement from the trust for eligible retiree benefit payments made directly to or on behalf of retirees during the fiscal year.

Potentially Beneficial For:

- Employers with material, ongoing obligations and long time horizons
- Agencies prioritizing cost stability, intergenerational equity, and long-term planning
- Employers seeking to reduce reported liabilities and annual expense
- Organizations aiming to strengthen their credit profile
- Employers able to sustain regular, structured contributions
- Plans with growing retiree populations or rising subsidy costs
- Employers seeking greater assurance that resources will be available to pay retiree benefits over the long term



Funding Considerations

(Continued)

Hybrid Approaches

Employers are not limited to choosing exclusively among PAYGO, designated reserves, or full prefunding. Many agencies use hybrid approaches that apply different strategies to different segments of the obligation or phase in prefunding over time.

One common hybrid method treats the plan as having two components—current retirees and current active employees. Because retiree obligations are a shorter duration and already in pay status, some employers continue to finance these payments on a PAYGO basis. At the same time, they establish an irrevocable trust for active employees, prefunding Normal Cost and amortizing the portion of the actuarial accrued liability attributable to active service.

Another hybrid approach applies different funding strategies to different benefit tiers. For example, a plan may include a higher-cost legacy tier and a lower-cost tier for newer hires. An employer might prefund the newer tier while using PAYGO for the legacy tier, gradually improving the plan's overall funding outlook as legacy benefits decline over time.

Other hybrid strategies include prefunding a portion of annual costs, contributing to a trust in surplus years, or combining trust contributions with designated reserves. Hybrid methods allow employers to balance long-term planning with near-term flexibility and support gradual movement toward stronger funding practices without requiring an abrupt transition to full prefunding.

Potentially Beneficial For:

- Employers tailoring funding approaches to specific goals or constraints
- Agencies seeking to prefund long-duration obligations while managing short-duration liabilities on a PAYGO basis
- Employers transitioning from pay-as-you-go financing toward prefunding over time
- Plans with multiple tiers or differing benefit structures
- Organizations balancing budget flexibility with long-term cost control

Funding Approaches and Long-Term Financial Risk

The funding approaches described above differ not only in administration and accounting treatment, but also in how benefit costs are distributed across time and which revenue sources—current or future—are expected to bear those costs. From a long-term financial perspective, these differences influence the timing of cash outlays, the degree of reliance on future operating revenues, and the variability of required budgetary resources over time.

Pay-As-You-Go Financing

Under a pay-as-you-go approach, benefit costs are largely deferred to future operating budgets as payments come due. This structure places primary reliance on future revenues to absorb both expected benefit costs and any adverse experience. As a result, long-term affordability depends on the employer's future revenue capacity and its ability to accommodate rising benefit payments alongside other budget priorities. Effective use of a PAYGO approach therefore requires an understanding of the full projected path of benefit payments, rather than a focus limited to near-term costs.



Funding Considerations

(Continued)

Designated Reserves

Designated reserves alter the timing of cash flows by setting aside current resources to support future benefit payments. When used consistently, reserves can moderate year-to-year budget volatility and reduce short-term pressure during periods of rising costs or constrained revenues. However, because these assets remain available for other employer purposes, designated reserves generally do not change the extent to which long-term benefit costs ultimately depend on future operating revenues. Their primary effect is on budget smoothing rather than on the long-term allocation of plan costs across periods.

Prefunding Through an Irrevocable Trust

Prefunding through an irrevocable trust shifts a greater portion of plan costs toward periods in which benefits are earned or recognized, reducing reliance on future operating revenues to finance benefit payments. Investment earnings on trust assets can offset a portion of future cash outlays, contributing to more stable contribution patterns over time. While prefunding does not alter the underlying benefit obligations, it can improve predictability by spreading funding requirements more evenly across periods and by reducing the concentration of plan costs in future budgets.

Hybrid Funding Approaches

Hybrid funding approaches combine elements of these strategies by allocating different portions of the obligation to different revenue sources. By determining which costs are funded in advance and which are paid as incurred, employers can tailor the timing of benefit costs to their fiscal capacity, risk tolerance, and planning objectives. Hybrid approaches provide flexibility to manage long-term budget exposure without committing to a single funding method for all components of the plan.

Long-Term Perspective

Regardless of the funding strategy adopted, long-term benefit obligations require long-term planning. In practice, funding decisions for retiree benefit plans are often made in the context of an employer's broader financial obligations, including the funding status and contribution requirements of multiple benefit plans and other long-term commitments. Understanding how these funding choices affect the timing of costs and reliance on future revenues is central to managing financial uncertainty and maintaining budgetary sustainability.



Funding Considerations**(Concluded)****Comparison Summary**

The table below summarizes key differences among PAYGO financing, designated reserves, and formal trust prefunding. Hybrid approaches are not shown in a separate column because they blend elements of the three methods in ways that vary by employer policy and plan design.

Feature / Consideration	1. PAYGO	2. Designated Reserves	3. Irrevocable Trust
Asset Status	No assets accumulated	Earmarked but unrestricted	Legally restricted
Legal Restrictions	None	None (policy only)	Irrevocable; For plan benefit only
GASB Discount Rate	Municipal bond rate	Municipal bond rate	Long-term expected return
Impact on Reported Liabilities & Expense	Highest liability and expense	Same as PAYGO	Lower reported liability and expense
Long-Term Cost Profile	Usually rising costs over time	Rising costs Reserves provide smoothing	Investment earnings reduce long-term contributions
Deferral of Plan Costs	High in early years; None once benefits mature	Moderate; reduced to extent reserves offset future costs	Minimal - trust funding aligns costs with periods of accrual
Intergenerational Cost Allocation	Costs largely borne by future taxpayers or ratepayers	Partial alignment; depends on reserve use consistency	Strong alignment of costs with periods of service
Governance & Oversight Requirements	Minimal	Minimal	Requires funding investment policies; Investment oversight
Investment Return	None	Typically low pooled returns	Potential for higher long-term returns
Rating Agency Perspective	Unfunded liability may be a credit risk	Viewed as liquidity, not prefunding	Viewed favorably as structured prefunding



Glossary

Actuarial Accrued Liability (AAL) – The portion of the actuarial present value of projected benefits that is not covered by future normal costs; the accumulated value of benefits attributed to past service under the actuarial cost method. See also: Service Cost; Total OPEB Liability; Total Pension Liability

Actuarial Cost Method – A procedure used to allocate the present value of projected benefits to periods of employee service. It determines how benefit costs and liabilities are assigned over time, based on actuarial assumptions about future events such as salary increases, retirement, and mortality.

Actuarial cost methods are defined in actuarial standards (such as ASOP Nos. 4 and 6) and may be used for various purposes, including funding, accounting, or plan design. In accounting standards such as GASB 68 & 75, this concept is referred to as the attribution method.

See also: Attribution Method; Actuarial Funding Method

Actuarial Funding Method – An actuarial funding method determines the pattern of contributions required to finance a benefit plan's obligations over time. It combines the actuarial cost method, which allocates the present value of projected benefits between past and future service, with an additional step specifying how any unfunded actuarial accrued liability (UAAL) will be recognized and amortized.

Under a funding method, the normal cost (the cost of benefits accruing for active employees during the year) is added to an amortization payment designed to eliminate the UAAL over a prescribed period. The resulting total is the Actuarially Determined Contribution (ADC).

Actuarial funding methods are typically used for funding valuations, not for financial reporting under GASB 68 & 75. GASB 68 & 75 focuses solely on the measurement of liabilities using the actuarial cost method (referred to in the standard as the attribution method) and does not prescribe contribution requirements.

See also: Actuarial Cost Method; Attribution Method

Actuarial Present Value of Projected Benefits (APVPB) – The amount currently required to fund all projected plan benefits of current employees and retirees. This value is determined by discounting expected future benefit payments using an appropriate interest rate and the estimated probability of payment.

Actuarial Valuation Report – A formal report prepared by an actuary that presents the results of an actuarial valuation of plan liabilities.

Actuarial Value of Assets (AVA) – A smoothed measure of plan assets sometimes used in valuations to limit the impact of short-term investment swings. The AVA averages market gains and losses over several years to show a steadier trend in the plan's funding progress. Under GASB standards, a plan's financial reporting must use market value of assets, but an AVA may be used in the determination of funding contributions. See also: Market Value of Assets

Actuarially Determined Contribution (ADC) – The contribution amount calculated by the actuary for a given fiscal period to fund the employer's obligations for Pension or Other Post-Employment Benefits (OPEB). It generally consists of the normal cost (the portion of benefits earned during the current year) plus an amortization payment to reduce the unfunded actuarial accrued liability. Actuarial Standards of Practice No. 4 and No. 6 require the ADC to be determined consistent with the trust being able to pay plan benefits when due (see ASOP No. 4 §3.11 and ASOP No. 6 §3.12). Note that the ADC represents a recommended contribution level based on actuarial methods and assumptions and may or may not be a required contribution depending on the plan and its governing authority.



Glossary

(Continued)

Amortization Policy – Amortization Policy refers to a prescribed or adopted set of rules governing how unfunded actuarial accrued liabilities (UAALs) are paid down over time through a series of contributions or, for accounting, a series of expense recognition. The policy defines the amortization method, amortization period, and treatment of new gains and losses (e.g., whether separate “bases” are established for each year’s changes). Common amortization methods include level dollar (a fixed annual payment) and level percentage of payroll (a payment that grows with expected payroll). A well-designed amortization policy balances intergenerational equity, contribution stability, and funding progress, ensuring that unfunded liabilities are reduced systematically and within a reasonable timeframe.

Assumption Changes – Revisions to the demographic or economic actuarial assumptions used in determining a plan’s liabilities, reflecting updated expectations of future plan experience. Assumption changes may involve updates to the discount rate, mortality tables, retirement or termination rates, salary or payroll growth, retiree participation rates, healthcare cost trends, or other relevant assumptions.

Under GASB 68 & 75, the changes in liability resulting from assumption changes are recognized as deferred outflows or inflows of resources and amortized as expense over the Expected Average Remaining Service Lifetime (EARSL) of active and inactive members.

Attribution Method – The attribution method is the term used in accounting standards—such as GASB Statements No. 68 and 75 or FASB ASC 715-30 and 715-60—to describe how the total projected benefit, and therefore the related cost, is assigned or *attributed*, to periods of employee service for financial reporting purposes.

Conceptually, this is equivalent to the actuarial cost method used in actuarial practice. GASB 68 & 75 specifies the Entry Age Normal (level percentage of pay) method as the required attribution method for OPEB and pension plans.

See also: Actuarial Cost Method; Actuarial Funding Method

Closed Group – A closed group actuarial valuation includes only the current members of the plan as of the valuation date—active, inactive, retired, and beneficiaries—and does not assume any future entrants. The valuation projects future benefit payments, contributions, and liabilities solely for this fixed population, reflecting assumptions regarding future terminations, retirements, or deaths, without regard to future workforce growth. Closed group valuations are commonly used for establishing near-term plan contributions and for financial reporting purposes (e.g., under GASB 67, 68, 74, or 75).

Covered Payroll – The payroll on which contributions to the plan are based, typically representing the pensionable or contributory earnings of employees currently covered by the plan. Under GASB Statement No. 82, covered payroll replaced covered-employee payroll for use in certain ratios presented in financial statement disclosures when plan contributions are determined with reference to payroll.



Glossary

(Continued)

Covered-Employee Payroll – The total payroll of employees who are eligible, or who through continued service can become eligible, for retirement benefits through the plan, regardless of whether contributions are based on payroll or whether the benefits themselves are related to pay. For plans whose contributions are not payroll-based (for example, most OPEB plans), this measure represents the aggregate payroll of employees potentially eligible for retirement benefits and remains the appropriate denominator for certain ratios in financial statement disclosures required by GASB.

Because GASB does not prescribe a specific payroll measure, covered-employee payroll generally reflects the employer's total gross or W-2 payroll for employees potentially eligible for OPEB. Consultation with auditors may be appropriate to consider whether employee-specific or nonrecurring items included in gross payroll could materially affect reported ratios. Whatever measure is adopted should be documented, applied consistently, administratively sustainable, and reflect the spirit of the GASB concept of 'total payroll of covered employees.

Crossover Test – Also called the Trust Sufficiency Test, the Crossover Test is a projection required under GASB 68 & 75 to determine whether a plan's fiduciary net position (trust assets) is expected to be sufficient to make all projected benefit payments given the sponsor's pattern of contributions. The Crossover Test is only required for plans whose funding policy provides for contributions that are less than the Actuarially Determined Contribution (ADC). When the sponsor contributes the full ADC—calculated in accordance with Actuarial Standards of Practice—the actuarial funding method itself ensures that, if all assumptions are realized, assets will be sufficient to pay benefits when due. When a Crossover Test is required, the projection determines the effective discount rate to be used in valuing plan liabilities, based on a blend between the long-term expected trust earnings rate and the municipal bond rate, reflecting the relative periods during which plan assets are and are not projected to be sufficient. See GASB 68 paragraphs 29–31 and GASB 75 paragraphs 30–32.

Deferred Resources – Deferred Resources represent the difference between the timing of recognition of certain events and their impact on expense. They include Deferred Outflows of Resources (assets consumed before they are recognized as expenses) and Deferred Inflows of Resources (resources received before they are recognized as revenue or reductions in expense). In the context of GASB 68 & 75, deferred resources are established for actuarial gains or losses (i.e., plan and investment experience), and assumption changes. For cost-sharing plans, deferred resources are also established for changes in proportions and the difference between actual and proportionate share of employer contributions. Deferred resources are recognized over time in the calculation of benefit expense.

Defined Benefit (DB) Plan – A pension or OPEB plan that specifies the amount of benefits a plan member will receive, typically based on factors such as age, years of service, and salary history.

Defined Contribution (DC) Plan – A pension or OPEB plan that establishes an individual account for each member and specifies how contributions are determined and distributed after separation from employment.



Glossary

(Continued)

Demographic Assumptions – Rates and patterns used to model how members enter, move through, and exit the plan. They reflect expected future experience and may vary by age, service, benefit tier, and (when relevant) sex. Typical components include mortality (pre and post retirement) and mortality improvement, retirement, termination of employment, disability incidence, benefit option elections (e.g., form of payment), participation in coverage at and after retirement, spouse & dependent coverage and spouse-age differentials, and marriage assumptions. Demographic assumptions are selected using plan experience, relevant industry tables or studies, and professional judgment, and are reviewed periodically for continued reasonableness.

Discount Rate (GASB) – The interest rate used to convert projected future benefit payments into present values as of the valuation date. Under GASB standards, the discount rate depends on the plan's funding policy. For prefunded plans that consistently contribute the Actuarially Determined Contribution (ADC), the rate is based on the long-term expected return on plan investments. For pay-as-you-go plans, the rate is based on a 20-year, tax-exempt, AA/Aa-rated municipal bond index composed of general obligation bonds (not revenue or other special-purpose bonds). When contributions are made at levels below the ADC, GASB requires a blended discount rate—reflecting both the expected return on trust assets and the municipal bond rate—determined through a crossover test that measures when projected trust assets are expected to be depleted. See also: Crossover Test

Economic Assumptions – Financial variables that affect the timing and amount of projected benefits and contributions. Core elements typically include the discount rate (and, where applicable, the long-term expected return on assets), general price inflation, salary-increase scale (merit and longevity plus inflation), payroll growth, cost-of-living adjustments (COLAs) if provided, and (for OPEB) the health care cost trend. Economic assumptions are selected to be internally consistent and appropriate for the measurement objective and are reviewed periodically alongside demographic assumptions.

Entry Age Normal Actuarial Cost Method – An actuarial cost allocation method in which, for each individual, the actuarial present value of benefits is levelly spread over the individual's projected earnings or service from entry age to the last potential retirement age at which benefits are paid. Under GASB 68 & 75, the Entry Age Normal (Level Percent of Pay) method is required for financial reporting.

Expected Average Remaining Service Lifetime (EARSL) – The average of the expected remaining service lives of all current and former employees covered by the plan. Former employees receiving or expected to receive benefits are included in the average with zero future service. Used to determine the period over which certain deferred resources are recognized under GASB standards.

Expense – The annual accounting recognition of the cost of benefits under applicable GASB standards. Expense includes the normal cost (service cost), interest on the total liability, expected earnings on plan assets, and the amortization of deferred items such as differences between expected and actual experience or assumption changes.

Experience Study – A periodic (commonly 3–5 year) statistical review of actual plan experience versus current assumptions, conducted to assess the continued appropriateness of demographic (and, where applicable, economic) assumptions. The study summarizes observed rates (e.g., retirement, termination, mortality, disability, elections), evaluates credibility, and recommends assumption updates to better reflect expected future experience. Results are documented, adopted by the appropriate authority, and incorporated prospectively into valuations.



Glossary

(Continued)

Explicit Subsidy – An explicit subsidy occurs when an employer makes a direct contribution toward the cost of retiree health coverage. This may take the form of a fixed dollar amount, a percentage of premium, or payment of the entire premium on behalf of the retiree. The value of these payments represents a direct employer cost and is recognized as part of the employer’s Other Postemployment Benefits (OPEB) liability under GASB 75.

Explicit subsidies are typically easier to measure and track than implicit subsidies because they are typically defined in plan documents, labor agreements, or employer policy, and the payments are made directly by or on behalf of the employer.

Fiduciary Net Position – The value of assets held in trust for the payment of benefits, reduced by any liabilities of the trust. It represents the net position restricted for future benefit payments and is measured at fair value.

Fully Funded – Fully Funded describes a plan whose assets are sufficient to cover the actuarial present value of accrued or projected benefit obligations as of a specific measurement date, based on the valuation method and assumptions in use. The term applies differently under various measurement bases:

- In funding valuations, a plan is fully funded when the Actuarial Value of Assets equals or exceeds the Actuarial Accrued Liability (AAL).
- For financial reporting, a plan is fully funded when the Plan Fiduciary Net Position equals or exceeds the Total Pension or OPEB Liability under GASB standards.

However, *fully funded* does not mean that no further contributions will be required. Even when a plan is fully funded on the valuation date, future normal cost accruals (i.e., employees earning additional benefits due to service), investment experience, assumption changes, or demographic events typically create new funding needs. Accordingly, “fully funded” reflects a momentary actuarial condition rather than a permanent financial destination.

Funded Ratio – A point-in-time measure of funding status. Under GASB financial reporting, it is typically defined as Plan Fiduciary Net Position ÷ Total Pension (or OPEB) Liability at the measurement date. In funding valuations, a comparable measure may be shown as Actuarial Value of Assets ÷ Actuarial Accrued Liability.



Glossary**(Continued)**

Funded Status – Represents the relationship between a plan’s assets and its benefit obligations at a specific measurement date, based on the applicable actuarial or accounting valuation. It is typically expressed as the difference between plan assets and the actuarial present value of liabilities, or as a ratio comparing those two values.

Funded status is commonly presented using either the Actuarial Value of Assets and Actuarial Accrued Liability (AAL) for funding purposes, or the Plan Fiduciary Net Position and Total Pension or OPEB Liability (TPL/TOL) for financial reporting under GASB Statements No. 67, 68, 74, and 75. Funded status provides a point-in-time measure of a plan’s financial position.

The degree of funding can be described using the following generalized categories.

- *Underfunded* - Assets are less than the AAL. The shortfall represents the Unfunded Actuarial Accrued Liability (UAAL). In this category, assets do not yet cover the value of benefits earned by past service.
- *Fully Funded* - Assets equal the AAL. The plan’s assets cover benefits earned to date.
- *Overfunded* - Assets exceed the AAL but are less than the Present Value of Projected Benefits (PVPB). The plan holds a surplus relative to the Actuarial Accrued Liability so that current assets cover a portion of expected benefits that will be earned by future employee service.
- *Super-Funded* - Assets equal or exceed the Present Value of Projected Benefits (PVPB). The plan’s assets are expected to be sufficient to cover all expected future benefits for current participants if the plan were frozen to new entrants.

If Assets			
< AAL	= AAL	> AAL but < PVPB	>= PVPB
Underfunded	Fully Funded	Overfunded	Super-funded

A plan sponsor may shift these relationships to meet their particular view on plan funding. For example, “fully funded” could be viewed as anywhere between 95% and 110% of the Actuarial Accrued Liability. In this case, each category could be used to change the funding strategy depending on the funding level.

Funding Policy – The formal strategy adopted by a plan sponsor or governing board to determine how contributions will be made to systematically fund benefit obligations. The funding policy establishes the principles and methods used to calculate the Actuarially Determined Contribution (ADC), including the actuarial cost method, amortization policy, and asset valuation method.

A sound funding policy aims to achieve and maintain a sustainable, fully funded plan over the long term while balancing the need for predictable and affordable contribution levels. Under ASOP No. 4 (Measuring Pension Obligations and Determining Pension Plan Costs or Contributions) and 6 (Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Plan Costs or Contributions), an actuarially sound funding policy should be designed so that, if contributions are made as intended and all assumptions are realized, plan assets will be sufficient to pay benefits when due.

Funding policy decisions often reflect both actuarial considerations (such as risk, smoothing, and amortization) and budgetary or statutory constraints.



Glossary

(Continued)

Gain/Loss Analysis – A reconciliation that decomposes period-to-period changes in liabilities and assets into expected changes (based on prior assumptions) and experience gains/losses. Typical components include demographic experience (e.g., retirements, terminations, mortality), economic experience (e.g., actual salary growth, actual health claims or premiums), assumption changes, plan/method changes, investment gains/losses relative to expectation, and contribution differences. For GASB reporting, many of these items create deferred outflows/inflows of resources recognized in expense over prescribed periods; for funding, they may establish new amortization bases that affect the Actuarially Determined Contribution.

Governmental Accounting Standards Board (GASB) – A private, not-for-profit organization that establishes generally accepted accounting principles (GAAP) for U.S. state and local governments.

Health Care Trend – The assumed annual rate(s) of increase in future dollar values of premiums or healthcare claims, attributable to medical inflation, utilization, and technological advancements.

Implicit Subsidy – An implicit subsidy occurs when retiree benefit claims are expected to exceed the premiums charged for retiree coverage. The difference must be paid from another source of funds that is said to implicitly subsidize the retiree benefit. GASB 75 and applicable actuarial standards specify when such a subsidy must be recognized as an employer liability and how that liability is recognized in expense and extinguished over time as retiree benefits are paid.

The simplest situation creating an implicit subsidy arises when active and retired employees are covered under the same medical plan, the employer's actives and retirees are the only experience used to determine premiums, and a single blended premium rate is charged for both groups even though retirees generally have higher expected health costs. In these cases, employer premiums for active employees indirectly subsidize retiree coverage. Although the subsidy is not a separate or explicitly identified payment, it represents a real economic transfer from the employer to retirees—hidden within the plan's blended rate structure.

Under GASB 75, this type of implicit subsidy is recognized as an OPEB liability during employees' active service as the benefit is earned over their careers. When retirees later participate in the plan and their estimated claims exceed their premiums, the difference represents an implicit benefit payment to retirees and is treated as a benefit paid by the plan. To the extent the employer is not reimbursed by a trust for these payments, the employer is credited with a plan contribution.

Other, more complex situations can also create implicit subsidies, but those arrangements do not lend themselves to a simple general definition.

Intergenerational Equity – Intergenerational Equity refers to the principle that the cost of benefits should be borne equitably by the generations of taxpayers, employers, and employees who receive the benefit of associated services or compensation. In the context of pension and OPEB funding, it means that each generation's contributions should be sufficient to cover the benefits earned during that generation's period of employment, without shifting significant costs to future participants or taxpayers. Funding policies that align contributions closely with benefit accruals—such as those using the Entry Age Normal actuarial cost method and level percentage of payroll amortization—are designed to promote intergenerational equity. Conversely, policies that defer or extend payments long after the associated services are provided potentially violate intergenerational equity principles by transferring costs from current to future taxpayers or employees.



Glossary

(Continued)

Investment experience – Investment experience reflects the difference between actual investment returns on plan assets and the expected returns based on the assumptions used in the prior valuation. Favorable differences produce investment gains; unfavorable differences produce losses.

For GASB 68 & 75 reporting, plan assets are measured at market value. Investment gains or losses are recognized as deferred outflows or inflows of resources and are amortized as expense over a period of five years.

Level Dollar Amortization – An amortization method in which the annual payment toward unfunded actuarial accrued liabilities (UAAL) is a fixed dollar amount each year over the amortization period. This approach results in declining payments as a percentage of payroll if payroll is expected to grow, since the dollar payment remains constant while payroll increases. This method is generally most appropriate for benefit programs not directly tied to payroll, such as OPEB plans where benefits are based on fixed-dollar medical subsidies or premium-sharing arrangements rather than a percentage of salary.

Level Percentage of Payroll Amortization – An amortization method in which the annual payment toward unfunded actuarial accrued liabilities (UAAL) is a constant percentage of expected payroll over the amortization period. As payroll is assumed to grow each year, the dollar amount of the contribution increases, maintaining a stable contribution rate relative to payroll. This method is generally most appropriate for benefit programs that are payroll-related, such as defined benefit pension plans where liabilities and normal costs are expressed as a percentage of covered payroll. When both benefits and contributions are tied to payroll, using a constant contribution rate as a percent of payroll better maintains intergenerational equity between current and future taxpayers or employers. However, this approach may be less suitable for OPEB plans or flat-dollar benefit structures, where payroll growth is not related to benefit growth.

Market Value of Assets (MVA) – The Market Value of Assets (MVA) represents the fair value of plan assets as of the measurement date. Fair value is the amount that could be realized if all plan assets were sold in an orderly transaction between willing market participants on that date. In most cases fair value is determined by market or quoted prices.

In contrast to a smoothed or actuarial value of assets (AVA) — which averages asset gains and losses over time to reduce short-term volatility — the MVA represents the plan's assets at actual market value on the reporting date. GASB 68 & 75 requires use of the MVA for financial reporting purposes.

Measurement Date – The date as of which the Total OPEB Liability or Total Pension Liability and the plan's Fiduciary Net Position are measured for financial reporting. Under GASB Statements 67, 68, 74, and 75, the measurement date must fall within the employer's reporting period and cannot rely on an actuarial valuation older than 30 months and 1 day before the employer's fiscal year-end. When the valuation date precedes the measurement date, results must be updated to the measurement date using roll-forward procedures. See also: Valuation Date; Roll-Forward Valuation

Net OPEB Liability (NOL) – The total OPEB liability minus the fiduciary net position. This represents the employer's liability for OPEB benefits provided through a defined benefit plan.

Net Pension Liability (NPL) – The Total Pension Liability minus the fiduciary net position. This represents the employer's liability for Pension benefits provided through a defined benefit plan.



Glossary

(Continued)

Net Position – The residual of all other elements presented in a statement of financial position. In the context of OPEB reporting, it reflects the impact of the Net OPEB Liability adjusted for deferred inflows and outflows of resources.

Normal Cost – The portion of the actuarial present value of projected benefits that is allocated to a given year under the actuarial cost method. For a valuation year, Normal Cost is equal to the Service Cost, representing the value of benefits expected to be earned by active employees during that year. See also: Service Cost

Open Group – An open group actuarial valuation considers both current plan participants and future entrants who are expected to join the plan in the future. The projection of liabilities and assets assumes the ongoing operation of the plan as a continuing entity, with new members entering according to specified demographic, economic, and plan participation assumptions.

Open group valuations require additional demographic and economic assumptions beyond those used in closed-group studies, including 1) population entry and exit assumptions (e.g., expected new hires, turnover, retirements, and mortality), 2) payroll growth and new entrant profiles (age, service, pay), 3) plan participation rates among new hires, and 4) future contribution and benefit accrual patterns consistent with long-term plan sustainability.

Open group valuations are often used for funding policy analysis, long-range financial projections, long-term plan risk assessment, or plan design studies, rather than for current financial reporting or establishing near-term contribution levels of the current plan.

Other Post-Employment Benefits (OPEB) – Post-employment benefits other than pensions, most commonly healthcare benefits, but may also include life insurance or other non-pension benefits provided separately from a pension plan.

Overfunded – Overfunded describes a plan whose assets exceed the actuarial present value of accrued or projected benefit obligations as of the measurement date, based on the chosen actuarial or accounting method. This condition occurs when the Actuarial Value of Assets or Plan Fiduciary Net Position is greater than the Actuarial Accrued Liability (AAL) or Total Pension or OPEB Liability (TPL/TOL). An overfunded status typically reflects favorable investment performance, assumption experience, or past contribution patterns, but it does not necessarily eliminate the need for future contributions to fund benefits expected to be earned by active employees or to maintain the plan's funding target over time.

Participation Rate – The assumed proportion of eligible members who will elect to participate in a plan or a specific benefit/coverage option when first eligible (for example, electing retiree medical coverage, Medicare coordination, or a particular tier). Participation rates are commonly stratified by age, service, subsidy level, union/class, or coverage tier, and can materially affect projected benefit payments (especially for OPEB). For pensions, "participation" may also refer to elections such as optional forms of payment or DROP participation where applicable.

Pay-As-You-Go (PAYGO) – A funding arrangement under which contributions to the plan are made when benefit payments and expenses come due.



Glossary**(Continued)**

Plan Experience – Plan experience reflects unexpected changes in a plan’s actual demographic outcomes. Plan experience is distinct from differences in investment performance, assumption changes, or plan amendments, each of which is recognized separately.

Common sources of plan experience gains or losses include:

- Retirements, terminations, disability rates, or mortality rates differing from the assumptions used in a prior valuation.
- Salary progression, service accrual, or payroll growth deviating from expected patterns.
- Coverage or benefit elections (e.g., dependent participation, healthcare plan selection, Medicare coordination) differing from assumptions.
- Data updates, corrections, or retroactive changes in participant status.

Under GASB 68 & 75, plan-experience gains or losses are recognized as deferred outflows or inflows of resources and amortized as expense over the Expected Average Remaining Service Lifetime (EARSL) of active and inactive members.

Present Value of Projected Benefits (PVPB) – The actuarial present value of all benefits expected to be paid to current plan participants, based on both service to date and projected future service, with benefits determined according to the plan provisions and actuarial assumptions in effect as of the measurement date.

The PVPB encompasses benefits for existing active, inactive, and retired members, discounted to the valuation date. It includes both the portion attributable to past service (the Actuarial Accrued Liability, AAL) and the portion expected to be earned through future service of current employees (the value of future normal costs).

The PVPB provides the broadest measure of a plan’s obligations with respect to its current participants.

Reporting Date – The employer’s fiscal year-end to which financial statement disclosures apply (for example, June 30, 2025). Under GASB reporting, amounts are measured as of the measurement date (which may precede the reporting date by up to one year) and then reported as of the reporting date in the notes and required supplementary information. Distinguishing reporting date from valuation date and measurement date is essential for reconciling year-over-year changes.



Glossary

(Continued)

Roll-Forward Valuation – A simplified actuarial process that estimates liabilities as of a measurement date by projecting results from a prior full actuarial valuation forward. Rather than collecting new census data and fully re-measuring liabilities, the actuary updates the earlier valuation to reflect expected changes such as the passage of time, benefit payments, and updated plan assets.

Roll-forward valuations are used to reduce the time and cost of performing a full valuation each year while providing a reasonable interim estimate of liabilities. Under a roll-forward, demographic events (such as retirements, deaths, or new entrants) and other plan experience are assumed to occur as expected, rather than being explicitly measured.

Because of these simplifications, a roll-forward valuation is less detailed than a full actuarial valuation and is appropriate only when no material changes to the plan or membership have occurred since the prior valuation. GASB 68 & 75 specifically permits roll-forward valuations for OPEB plans to support consistent annual reporting.

A full actuarial valuation, by contrast, uses current participant data and a complete review of plan provisions and assumptions to recalculate all liabilities and costs, and serves as the foundation for subsequent roll-forward measurements.

Section 115 Trust – An irrevocable trust established under Section 115 of the Internal Revenue Code, which permits state and local government agencies to set aside funds for essential governmental purposes—such as the prefunding of Other Post-Employment Benefits (OPEB) and pension obligations. To qualify for tax-exempt status, the trust must serve a recognized governmental purpose and remain under the substantial control of the sponsoring public agency. Assets held in a Section 115 Trust are legally segregated from the employer’s general funds, may be invested pursuant to the agency’s adopted investment policy, and are restricted to use for the designated governmental purpose. Because the trust is separate from general assets, its balances may be recognized as plan assets for financial reporting under GASB standards.

Select and Ultimate – A type of actuarial assumption that applies varying rates for an initial “select” period, followed by a long-term stable “ultimate” rate.

Sensitivity Analysis – A required GASB disclosure showing how the Net Pension or Net OPEB Liability would change if the discount rate or healthcare cost trend rate (for OPEB plans) were 1% higher or lower.

Service Cost – The portion of the actuarial present value of projected benefits that is assigned to the current valuation year under the actuarial cost method. Service Cost represents the value of benefits earned by active employees during that year. See also: Normal Cost; Actuarial Cost Method.

Total OPEB Liability (TOL) – The total value of all plan benefits attributable to service rendered as of the valuation date for current plan members and vested former members. Equivalent to Actuarial Accrued Liability determined under the Entry Age Normal (percent of pay) funding method. See also: Actuarial Accrued Liability

Total Pension Liability (TPL) – The total value of all plan benefits attributable to service rendered as of the valuation date for current plan members and vested former members. Equivalent to Actuarial Accrued Liability determined under the Entry Age Normal (percent of pay) funding method. See also: Actuarial Accrued Liability



Glossary

(Concluded)

Trust – A separate legal entity established to hold assets for the purpose of paying benefits to participants. To qualify as a trust for GASB reporting, assets must be held for the exclusive benefit of plan members and their beneficiaries, be legally protected from the creditors of the employer, and be used solely to provide benefits and related administrative expenses.

Trust Sufficiency Test – See Crossover Test

Underfunded – Underfunded describes a plan whose assets are less than the actuarial present value of accrued or projected benefit obligations at the valuation date, based on the applicable actuarial or accounting measurement basis. Underfunding indicates that the Actuarial Value of Assets (for funding valuations) or the Plan Fiduciary Net Position (for financial reporting) is less than the corresponding liability measure—the Actuarial Accrued Liability (AAL) or the Total Pension or OPEB Liability (TPL/TOL). An underfunded position does not imply insolvency; rather, it represents the portion of benefits earned to date that are not yet covered by current assets and will need to be funded over time through future contributions, investment returns, or both.

Unfunded Actuarial Accrued Liability (UAAL) – On a funding (actuarial) basis, the excess of the Actuarial Accrued Liability (AAL) over the Actuarial Value of Assets (AVA). The UAAL reflects past service costs not yet funded under the adopted funding policy and is commonly amortized over a closed period using level-dollar or level-percent-of-pay methods. UAAL is distinct from the GASB accounting measures Net Pension Liability (NPL) or Net OPEB Liability (NOL), which are defined as Total Liability – Plan Fiduciary Net Position at fair value.

Valuation Date – The date as of which the actuarial valuation is performed. The valuation date may precede the measurement date. See also: Measurement Date

Vesting – Requirements, as defined by the plan, which when met make a benefit nonforfeitable upon separation from service.



To: Administration & Finance Committee

Date: July 29, 2026

From: Pranjal Dixit, Manager of Planning

Reviewed by: AMS

SUBJECT: Swiftly Contract

Background:

For the past several years, County Connection has subscribed to Swiftly, a cloud-based transit data platform known for its seamless integration with existing bus hardware and robust data analytics. We initially implemented Swiftly's On-Time Performance and Run Times modules to gain a comprehensive understanding of our service delivery and have since added Live Operations/Real-time Passenger Predictions, GPS Playback, and Service Adjustments. These additions have further enhanced live vehicle tracking, improved on-time performance monitoring for operations and customer service staff, and provided better stop predictions and real-time information for our customers.

Contract Renewal:

The annual Swiftly contract currently begins each August. However, this time we are renewing it for an 11-month term to align its timeline with our fiscal year budget cycle starting in FY 2028.

Financial Implications:

The 11-month cost for the five operational modules is \$237,316. To help cover this expense, staff will apply \$86,699 in remaining Transit Performance Initiative (TPI) funds specifically to the On-Time Performance, Run Times, and GPS Playback modules to gather more up-to-date data. The remaining balance will be funded through TDA funds, which are already included in the FY 2027 budget.

Recommendation:

Staff recommends renewing the contract with Swiftly for 11 months at a cost not to exceed \$237,316.

Action Requested:

Staff requests that the A&F Committee forward the proposed eleven-month contract to the Board for their approval.

Attachments:

None.

To: Administration & Finance Committee

Date: July 30, 2026

From: Amber Johnson, Chief Financial Officer

Reviewed by: WC.

SUBJECT: Clever Devices/Hitachi Rail Contracts

Background:

County Connection has utilized Clever Devices Intelligent Transportation System (ITS) technology for more than two decades. In 2011, the Board authorized implementation of the Clever Devices ITS platform, including replacement of the Authority's CAD/AVL system, radio control system, and passenger information systems. In 2012, the Board approved a contract amendment to upgrade onboard Intelligent Vehicle Network (IVN) equipment throughout the fleet, establishing the foundation of the ITS infrastructure currently in service. On July 1, 2016, Hitachi Rail acquired Clever Devices.

Today, Hitachi Rail technology supports several mission-critical functions, including vehicle location tracking, computer-aided dispatch, automated stop announcements, passenger counting, BusTime real-time passenger information, onboard communications, and service performance reporting. The Hitachi Rail platform is integrated throughout the fleet and operations and serves as the backbone of County Connection's Intelligent Transportation System.

The Authority's annual software maintenance and support agreement with Clever Devices (now Hitachi Rail) expired on June 30, 2026, and renewal is necessary to maintain manufacturer-supported operation of these critical systems.

In addition, the onboard IVN version 3 (IVN3) equipment installed on the County Connection fleet has reached the end of manufacturer support. Beginning in 2023, bus builds include the newer IVN version 5 system (IVN5). Staff has proposed upgrading the 2017 fleet (13 buses) to current IVN5 platform. The upgrade will modernize the Authority's fleet while allowing removed, operational IVN3 units to be retained as spare parts for older buses that remain equipped with the IVN3 platform. This strategy reduces obsolescence risk, improves system reliability, and extends the useful life of existing fleet assets.

Discussion:

The proposed maintenance agreement provides continued support for the Authority's ITS platform, including software maintenance, database management, hosted services support, software updates, and technical assistance. The agreement also includes six annual on-site visits by a Hitachi Rail field service technician.

The proposed IVN5 project includes replacement of IVN3 equipment on thirteen buses, hardware configuration, testing, installation supervision, project management, and three spare IVN5 controllers. The upgrade will improve long-term reliability while creating a valuable inventory of spare IVN3 components for older vehicles.

Because the Hitachi Rail system consists of proprietary hardware and software installed throughout the fleet, Hitachi Rail is uniquely qualified to provide manufacturer-supported maintenance, software support, and system upgrades.

Financial Implications:

The proposed one-year maintenance agreement for the period July 1, 2026 through June 30, 2027 totals \$245,487, consisting of:

- Annual On-Site Support and Database Support: \$172,907
- Software Maintenance: \$72,580
- **Total Contract Amount: \$245,487**

County Connection has programmed \$156,627 in FY 2026-27 State of Good Repair (SGR) funds to support the ongoing maintenance of its onboard Intelligent Transportation System (ITS) infrastructure, including radios, onboard computers, and the CAD/AVL system. These SGR funds will be applied to the Hitachi Rail maintenance agreement. The remaining balance of \$88,860 will be funded through the FY 2026-27 operating budget.

The proposed IVN5 fleet upgrade project totals \$260,034, consisting of:

- IVN5 Retrofit Upgrade for 13 buses, net of discount program: \$204,516
- Three (3) Spare IVN5 Controllers: \$20,394
- Sales tax: \$21,929
- Installation Services: \$13,195
- **Total Contract Amount: \$260,034**

This upgrade project will be funded with FY 2026-27 TDA Capital funds and is included in the approved budget.

The total cost of both contracts is \$505,521.

Recommendation:

Staff recommends that the Administration & Finance Committee consider the renewal of the Hitachi Rail service contract for annual software maintenance, database services, on-site technical support; and the upgrade of thirteen 2017 buses from IVN3 to IVN5 equipment in an amount not to exceed \$505,521, and recommend that the Board of Directors authorize the General Manager, or designee, to execute the agreement and related purchase orders.

Action Requested:

Staff requests that the Administration & Finance Committee recommend that the Board of Directors adopt a resolution authorizing the General Manager or designee to execute agreements and related procurement documents with Hitachi Rail for annual software maintenance, database services, on-site support, and the IVN5 fleet upgrade project in an amount not to exceed.

Attachments:

None.

To: Administration & Finance Committee

Date: August 5, 2026

From: John Sanderson, Director of ADA & Specialized Services

Reviewed by: *Ref*

SUBJECT: County Connection and LAVTA Joint Paratransit Procurement

Background:

County Connection and the Livermore Amador Valley Transit Authority (LAVTA) jointly contract with Transdev Services, Inc. to provide ADA paratransit and associated services. Under the current agreement with LAVTA, County Connection serves as the lead agency for both systems. The current Transdev contract took effect July 1, 2022, and included a four-year base term, plus a single option for a one-year extension. In November 2025, following the A&F Committee's review, the Board authorized staff to execute the option. Written notice was provided to Transdev on March 31, 2026, extending the contract through June 30, 2027. No further option terms are available; therefore, a successor contract must take effect July 1, 2027. Since September 2025, the joint County Connection/LAVTA Paratransit Ad-Hoc Committee has met to shape the future of the two agencies' paratransit partnership and guide the joint procurement for a new combined contract.

Procurement Approach & Next Steps:

Consistent with regional goals for interagency coordination and to maintain the economies of scale enjoyed under the current contract, County Connection and LAVTA will again procure paratransit services jointly, under a Memorandum of Understanding (MOU) which will run concurrently with the paratransit contract. County Connection will continue to serve as the lead agency, and fixed costs will continue to be allocated between County Connection and LAVTA based on the share of total revenue hours attributable to each. Continuing the consolidated model will allow both agencies to share management, dispatch, scheduling, and related resources, reducing redundancy and cost relative to standalone contracts.

The paratransit contract encompasses a wide array of overlapping programs, including County Connection LINK, LAVTA Wheels Dial-A-Ride, BART ADA paratransit coverage, One-Seat Regional Ride service, Alamo Creek flex-route shuttle service, emergency response/mutual aid service, and other special transportation services. Because the current contract is unusually complex for an operation of this size, a central goal of the new Scope of Work is to make the successor contract clearer to administer and oversee. The new Scope of Work carries these services forward while introducing significant changes such as: shared service standards across both agencies' programs, greater accountability for subcontractors, a more unified service model, and a substantial reorganization toward that clarity.

Staff anticipates releasing the Request for Proposals on September 1, 2026, with proposals due in October, evaluation and scoring in November and December, and a recommendation for award to the County Connection and LAVTA Boards in January 2027. This schedule provides a substantial startup and transition runway ahead of the current contract's June 30, 2027 expiration. Staff also continues to monitor the Connect Bay Area funding measure on the November 2026 ballot, the outcome of which may affect operating revenues; building appropriate flexibility into the new contract is an active focus of the current procurement work.

Financial Implications:

None at this time. Cost implications will be presented to the Committee and the Board with the recommendation for contract award.

Recommendation:

None. Information only.

Action Requested:

None. Information only.

Attachments:

None.