County Connection

Agenda Item # 5

To: Administration & Finance Committee **Date:** October 29, 2026

From: Amber Johnson, Chief Financial Officer **Reviewed by:** WC.

SUBJECT: Year-End Report and Draft Audited Financial Statements for the Year Ended June 30, 2026

Background:
The Central Contra Costa Transit Authority (Authority) financial audit for the year ended June 30, 2026 (FY 2026), is substantially complete and the draft Basic Financial Statements (BFS) and accompanying reports are provided for review by the Administration and Finance Committee (Attachments 1 – 2).

There is currently a delay in the Federal Single Audit process as the Office of Management and Budget (OMB) has not yet released the final 2026 Compliance Supplement, which is essential for completing Single Audits in accordance with federal requirements. Until this document is officially issued, auditors are prohibited from finalizing or issuing Single Audit reports for fiscal years ending June 30, 2026 or later.

Additionally, the auditor's review of the federal funding allocation data (form FFA-10) for the Federal Transit Administration is still underway and will be presented at a future Committee meeting.

The quarterly budget-to-actual income statement report is also presented at year end, providing the opportunity for the Committee to review the Authority's financial status and ensure fiscal and operational accountability.

Basic Financial Statements:
An independent audit was performed by Brown Armstrong Accountancy Corporation. The goal of a financial statement audit is to provide users with a reasonable assurance from an independent source that the information presented in the statements is reliable. The auditors issued unmodified opinions on the Authority's financial statements and Transportation Development Act compliance audit. The federal Single Audit is expected to receive an unmodified opinion upon completion of the audit process following release of the 2026 Compliance Supplement. The findings are summarized as follows:

- An unmodified ("clean") audit opinion on the financial statements.
- An unmodified TDA compliance opinion.
- Anticipated unmodified Single Audit opinion for federal programs.
- No compliance findings.
- A material weakness in internal control over financial reporting was identified.

The Basic Financial Statements include the Management's Discussion and Analysis (beginning on Page 4 of BFS) which provides an introduction and summary of the activities over the course of the year. The total net position is $34,513,652 (Page 5 and 13 of BFS), which is a decrease of $2,524,249 over the prior year. The following is a summary of the changes in Net Position between June 30, 2026, and June 30, 2025:

- Operating and Capital Reserve – In April 2025, the Board of Directors amended the Authority's Reserve Policy. Prior to this revision, the Authority's reserve funds were composed of Transportation Development Act (TDA) funds that were allocated to the Authority but not claimed in the same year of allocation. These funds are reserved and held by the Metropolitan Transportation Commission (MTC) as required under TDA statutes. With the revised policy, the Authority now calculates amounts earned from discretionary revenue sources (i.e., advertising revenue, unallocated interest income). The discretionary funds are calculated at fiscal year end and are held by the Authority. Together, these two types of funds comprise the Operating and Capital Reserve. Since the discretionary revenue is held by the Authority, the funds are reflected in the financial statements as a portion of the unrestricted net position. The discretionary portion of the Operating and Capital Reserve as of June 30, 2026, totaled $4,253,267 (Page 33 of BFS).
- Operating Revenues – Passenger revenue, special transit fees, and advertising and other revenue increased by $255 thousand, or 3.4%, from FY 2025 to FY 2026. This increase was primarily attributable to higher grant funding recorded as special transit fees, partially offset by lower advertising revenue and insurance recovery proceeds. Passenger fares overall saw a slight decrease over the prior year.
- Capital Assets – The Authority's investment in capital assets amounted to $38,005,193 as of June 30, 2026, which is a decrease of $6,076,922 or 13.8% compared to the prior year due to depreciation. This investment in capital assets includes vehicles, facilities, communication and data equipment, fare revenue collection equipment, furniture, and fixtures, less accumulated depreciation. Other than ongoing work on the fuel tank project (recorded as construction in progress), no major capital assets were acquired during the fiscal year.
- Deferred Outflow of Resources – Deferred outflow of resources for pension and Other Post Employment Benefits (OPEB) decreased from $5.8 million to $3.5 million. Deferred outflow primarily represents pension and OPEB contributions subsequent to the measurement date, and changes to actuarial assumptions that impact future periods.
- Deferred Inflow of Resources – Deferred inflow of resources for pension and OPEB increased from $1.9 million to $5.3 million primarily reflecting changes in estimates based on actual investment performance, and changes in assumptions that provide additional assets to the pension and retiree medical plans. In particular, the CalPERS pension plan reported an 11.6% return on investment during the reporting period, exceeding the assumed rate of return of 6.9%.
- Net pension and OPEB liability – The net OPEB and pension liabilities as of June 30, 2025 (the actuarial measurement date) are $1.1 million (down from $2.1 million) and $8.5 million (down from 14.5 million), respectively. These reductions reflect favorable investment performance, changes in actuarial assumptions, and the continued funding of employee benefit obligations, resulting in lower reported liabilities and an improved net position.

Audit Findings:
The auditors identified a material weakness in internal control over financial reporting related to the reconciliation, roll forward, and review of pension contributions and related deferred outflows of resources, and the reporting of the Authority's Section 115 pension trust. The finding relates to financial reporting controls over pension-related accounting and the Section 115 trust. The auditors noted that all identified adjustments were corrected and did not affect the unmodified audit opinion. More detail about this finding can be found at Pages 65-66 of the BFS.

Management agrees with the finding, and the auditor's proposed journal entries to correct for this error have been accepted and incorporated into the financial statements. Staff is reviewing and updating its internal control procedures around the calculation of pension contributions, deferred outflows, and the Section 115 pension trust to ensure this error does not recur in future years.

Other Auditor Information:
Page 57-59 of the BFS – Independent Auditor's Report on State Compliance and Internal Control Over Compliance. This audit reviews compliance with TDA requirements and is based on standards contained in Government Auditing Standards issued by the Comptroller General of the United States. The results of the tests disclosed no instances of noncompliance or material weaknesses.

Page 60-62 of the BFS – Schedule of Findings and Questioned Costs from the auditor regarding the compliance with the requirements of the Office of Management and Budget (OMB). There are no audit findings that are required to be reported to the OMB as compared to the current version of the OMB circular. The auditors will express a final opinion about compliance with these requirements once the 2026 circular is published.

Other Auditor Letters:

- Required communication to the Administration & Finance Committee and Board of Directors in accordance with professional standards (AUC-260 letter, formerly SAS 114 letter)

Quarterly Income Statement:
The audited County Connection Income Statements for Fiscal Year (FY) 2026 are presented for review at Attachment 3. Actual revenues and expenses are presented as compared to the adopted budget. Combined revenues totaled $54.5 million (Schedule 1), representing 95.3% of the $57.1 million budget. This includes $1.3 million in revenue available for transfer to the Authority's discretionary reserve fund. Combined expenses for fixed route and paratransit services were $53.1 million, or 93.7% of the $56.7 million budget.

<u>Fixed Route:</u>
Schedule 2 presents fixed route revenues and expenses. Revenues for the period were $42.1 million, or 96% of the total budget. Expenses were $40.8 million, or 93.9% of the total budget.

Fare revenue includes passenger payments, contributions from organizations replacing fares, and general operating assistance. Actual fare revenue exceeded budget estimates by $360 thousand. Federal operating revenue came in lower than budgeted, as it is collected on a reimbursement basis and the related project did not fully expend its budgeted amount. Discretionary revenue sources—advertising

and investment income—outperformed expectations, contributing to the estimated $1.3 million transfer to reserves.

Wages and benefits remain the primary driver of the expense budget, utilizing 96.2% of the annual allocation. Ongoing vacancies contributed to savings in this category. Additional savings were realized in services. Lower-than-expected costs for legal fees, engine repair services, and grant-funded planning studies resulted in 71% utilization of the services budget. Purchased transportation expenses were also under budget, with 44.8% of allocated funds expended as the automated vehicle project in Martinez came to an end mid-year.

Paratransit:
Schedule 3 presents paratransit revenues and expenses. Expenses for the period totaled $12.3 million, or 93.1% of the total budget. TDA revenue was used as needed, resulting in revenues that match expenses.

Paratransit fare revenue came in under the budget estimate of $532 thousand, with $485 thousand collected—91.1% of budget. Measure J revenue exceeded expectations by $29 thousand. Fees from partner agencies varied from budgeted amounts but are tied to expenditures and have a net-zero impact on the Authority's budget.

Purchased transportation is the primary cost driver for paratransit. Expenditures for the Authority's service utilized 91% of the amended budget. Partner-operated services were budgeted separately and utilized 99.1% of the budget.

Statistics:
Schedule 4 provides comparative statistics for FY 2026, FY 2025, and FY 2024.

- Fixed Route:
    - The farebox recovery ratio (inclusive of operating assistance) continues to be stable at 9.8% in FY 2026, compared to 9.9% in FY 2025 and 9.5% in FY 2024.
    - Passenger counts remained stable as compared to last year. Fare and fare replacements increased due to additional grants and operating assistance that covered the cost of passengers and/or revenue hours.
    - Cost per passenger decreased slightly to $13.88 as compared to $14.17 and $14.10 in the prior two years.
- Paratransit:
    - Farebox recovery improved to 7.4% in FY 2026, compared to 6.7% in FY 2025 and 5.9% in FY 2024.
    - A sharp increase in demand last year has stabilized this year, causing cost per passenger to fall back to $86.12 in FY 2026, as compared to $119.44 in FY 2025 and $86.88 in FY 2024. Increased demand combined with reduced productivity in FY 2025 caused this metric to jump. Current metrics indicate that the efficiency problem has improved.

Financial Implications:
No fiscal impact occurs because of the Committee's acceptance of these reports. The FY 2026 Basic Financial Statements and related reports are presented as the actual results of the Authority's financial activities for the year.

Recommendation:
Staff recommends that the A&F Committee review the reports and recommend their approval by the Board of Directors.

Action Requested:
Staff requests that the A&F Committee forward the audited financial statements, accompanying auditor reports, and final quarterly income statements for the year ended June 30, 2026, to the full Board and recommend their approval.

Attachments:
Attachment 1: Central Contra Costa Transit Authority Basic Financial Statements for the year-ended June 30, 2026
Attachment 2: Required communication to the Administration & Finance Committee and Board of Directors in accordance with professional standards (AUC-260 letter)
Attachment 3: CCCTA Budget to Actual Income Statements for FY2026 Q4 (Schedules 1 through 5)

DRAFT

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
CONCORD, CALIFORNIA

BASIC FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2026

DRAFT

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
JUNE 30, 2026

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Central Contra Costa Transit Authority (the Authority) as of and for the fiscal year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2026, and the changes in its financial position, and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Restatement

As discussed in Note 16 to the basic financial statements, net position as of June 30, 2025, has been restated to correct errors related to the Authority's Section 115 pension trust and deferred outflows of resources for pension contributions. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Report on Summarized Comparative Information

We have previously audited the Authority's June 30, 2025, basic financial statements, and our report dated December 29, 2025, expressed an unmodified opinion on those audited financial statements. As part of our audit of the June 30, 2026, basic financial statements, we also audited the adjustments described in Note 16 that were applied to restate the summarized comparative information as of and for the fiscal year ended June 30, 2025. In our opinion, such adjustments are appropriate and have been properly applied. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2025, is consistent, in all material respects, with the audited basic financial statements from which it has been derived, after giving effect to the restatement described in Note 16.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2026, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Stockton, California
_____, 2026

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2026

Introduction

As management of Central Contra Costa Transit Authority (County Connection or the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2026. We encourage readers to consider the information presented here in conjunction with the basic financial statements and the notes thereto, which follow this section.

The Authority was established on March 27, 1980, under a joint exercise of powers agreement to provide, either directly or through contract, public transportation services within certain areas of the County of Contra Costa (the County). A Board of Directors (the Board) composed of representatives of the member jurisdictions governs the Authority. Member jurisdictions include the Cities of Clayton, Concord, Lafayette, Martinez, Orinda, Pleasant Hill, San Ramon, and Walnut Creek; the Town of Moraga and the Town of Danville; and the County of Contra Costa. Each member jurisdiction appoints one regular representative to the Board and one alternate representative to act in the regular representative's absence.

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

The Authority currently operates a fleet of 125 fully accessible transit buses and 63 paratransit vehicles. The Authority has approximately 230 employees that consist of bus operators, bus supervisors, mechanics, maintenance, planning, executive, and administrative support. An independent contractor operates the paratransit service under a purchased transportation agreement. The Authority receives funds primarily from federal, state, and local operating assistance and other subsidies, in addition to fares collected from passengers. The disbursement of funds received by the Authority is set by Board policy, subject to applicable statutory requirements and by provisions of various grant contracts.

Overview of the Financial Statements

The Authority's activities are reported as a single enterprise (business-type) activity. The basic financial statements consist of the following:

- *The Statement of Net Position* reports what the Authority owns (assets and deferred outflows of resources) and what it owes (liabilities and deferred inflows of resources) at year-end. The difference is net position.
- *The Statement of Revenues, Expenses, and Changes in Net Position* reports how net position changed during the year, on the accrual basis of accounting. Operating revenues, such as fares and fees, are compared with the cost of providing service. Noncapital subsidies, such as federal, state, and local operating assistance, are then reported separately because the Authority relies on them each year to fund service.
- *The Statement of Cash Flows* reports the sources and uses of cash by operating, noncapital financing, capital and related financing, and investing activities.

The Notes to the Basic Financial Statements explain the amounts reported in the statements

Effective for the fiscal year ended June 30, 2026, the Authority implemented GASB Statement No. 103, Financial Reporting Model Improvements. As a result, advertising and other revenue are now reported as operating revenue, noncapital subsidies are reported separately, and capital grants are reported within other nonoperating revenues. Fiscal year 2025 amounts have been reclassified to conform to the current-year presentation. The change had no effect on net position (see Note 1).

Financial Summary

Condensed Statements of Net Position

	2026	2025 (As Restated)	2026 to 2025 Increase (Decrease) Amount	%
Other assets	$ 32,401,434	$ 28,921,654	$ 3,479,780	12.0%
Capital assets, net	38,005,193	44,082,115	(6,076,922)	(13.8%)
Total assets	70,406,627	73,003,769	(2,597,142)	(3.6%)
Deferred outflows of resources	3,488,693	5,832,927	(2,344,234)	(40.2%)
Total assets and deferred outflows of resources	$ 73,895,320	$ 78,836,696	$ (4,941,376)	(6.3%)
Other liabilities	$ 17,568,988	$ 16,759,250	$ 809,738	4.8%
Long-term liabilities	16,554,196	23,128,508	(6,574,312)	(28.4%)
Total liabilities	34,123,184	39,887,758	(5,764,574)	(14.5%)
Deferred inflows of resources	5,258,484	1,911,037	3,347,447	175.2%
Net position				
Net investment in capital assets	38,005,193	43,498,764	(5,493,571)	(12.6%)
Unrestricted	(3,491,541)	(6,460,863)	2,969,322	46.0%
Total net position	34,513,652	37,037,901	(2,524,249)	(6.8%)
Total liabilities, deferred inflows of resources, and net position	$ 73,895,320	$ 78,836,696	$ (4,941,376)	(6.3%)

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2026	2025 (As Restated)	2026 to 2025 Increase (Decrease) Amount	%
Operating revenues	$ 7,673,805	$ 7,418,431	$ 255,374	3.4%
Operating expenses	58,413,160	57,622,867	790,293	1.4%
Operating loss	(50,739,355)	(50,204,436)	(534,919)	(1.1%)
Noncapital subsidies	45,630,593	42,730,598	2,899,995	6.8%
Operating loss and noncapital subsidies	(5,108,762)	(7,473,838)	2,365,076	31.6%
Other nonoperating revenues and expenses	2,584,513	2,529,633	54,880	2.2%
Increase (decrease) in net position	(2,524,249)	(4,944,205)	2,419,956	48.9%
Total net position, beginning of year, as restated	37,037,901	41,982,106	(4,944,205)	(11.8%)
Total net position, end of year	$ 34,513,652	$ 37,037,901	$ (2,524,249)	(6.8%)

Detailed Analyses

Net Position

The Authority's net position decreased $2,524,249, or 6.8%, to $34,513,652 as of June 30, 2026. Net position at June 30, 2025, was restated from $36,204,396 to $37,037,901 to record the Authority's Section 115 pension trust and to correct deferred outflows of resources for pension contributions (see Note 16). The decrease resulted from an operating loss after noncapital subsidies of $5,108,762, which includes depreciation and amortization of $6,751,216, partially offset by other nonoperating revenues of $2,584,513, consisting primarily of investment income of $1,322,356 and capital grants of $1,259,202. Net investment in capital assets decreased $5,493,571, or 12.6%, because depreciation and amortization exceeded capital additions (see Significant Capital Asset and Long-Term Financing Activity below). Net investment in capital assets reflects vehicles, facilities, and equipment used to provide transit service; these assets are not available for future spending.

Unrestricted net position is a deficit of $3,491,541. The deficit results primarily from the Authority's net pension and net Other Postemployment Benefits (OPEB) liabilities of $9,517,982, which are recognized currently but are funded over future years. The deficit decreased by $2,969,322 from the restated prior year, primarily due to a $1,389,630 net improvement in pension and OPEB balances (net pension and net OPEB liabilities decreased $7,081,311, partially offset by a $2,344,234 decrease in deferred outflows of resources and a $3,347,447 increase in deferred inflows of resources) and increases in cash and cash equivalents of $2,013,839, receivables of $1,149,262, and Section 115 pension trust investments of $383,558, partially offset by a $2,212,964 increase in the TDA payable. The Authority's Board-designated capital and operating reserves are included in unrestricted net position (see Note 10). Section 115 pension trust investments of $2,082,642 are also included in unrestricted net position because the net pension liability they will be used to pay exceeds the trust balance.

Operating Revenues

			2026 to 2025 Increase (Decrease)	
	2026	2025	Amount	%
Operating Revenues				
Passenger fares	$ 3,612,625	$ 3,638,252	$ (25,627)	(0.7%)
Special transit fees	3,800,158	3,343,424	456,734	13.7%
Advertising and other revenue	261,022	436,755	(175,733)	(40.2%)
Total operating revenues	$ 7,673,805	$ 7,418,431	$ 255,374	3.4%

Operating revenues increased $255,374, or 3.4%, compared with the prior year, as follows:

- Passenger fares decreased $25,627, or 0.7%, and were relatively consistent with the prior year, as fixed-route ridership was generally stable.
- Special transit fees increased $456,734, or 13.7%, due to new grant funding for expanded service on Route 4 in Walnut Creek, and higher fees collected from One Seat Ride program partners due to increased ridership.
- Advertising and other revenue decreased $175,733, or 40.2%, due to a $76,062 decrease in advertising revenue, reflecting the minimum guarantee under the current advertising contract, and a $99,671 decrease in other revenue, primarily insurance recovery proceeds.

Operating revenues covered approximately 13.1% of operating expenses in fiscal year 2026 (12.9% in fiscal year 2025, as restated). Due to the nature of public transit operations, operating expenses typically exceed operating revenues, and the remaining costs are funded primarily through noncapital subsidies.

Operating Expenses

	2026	2025 (As Restated)	2026 to 2025 Increase (Decrease) Amount	%
Operating Expenses				
Salaries and benefits	$ 31,421,918	$ 29,383,756	$ 2,038,162	6.9%
Purchased transportation	11,571,981	11,340,869	231,112	2.0%
Materials and supplies	3,776,962	3,149,763	627,199	19.9%
Services	2,931,640	2,502,507	429,133	17.1%
Insurance	1,801,881	1,423,589	378,292	26.6%
Utilities, taxes, leases and rentals, and other	1,405,801	1,236,449	169,352	13.7%
Defined benefit pension adjustment	(845,518)	1,543,466	(2,388,984)	(154.8%)
OPEB adjustment	(402,721)	(96,834)	(305,887)	(315.9%)
Depreciation and amortization	6,751,216	7,139,302	(388,086)	(5.4%)
Total operating expenses	$ 58,413,160	$ 57,622,867	$ 790,293	1.4%

Operating expenses increased $790,293, or 1.4%, compared with the restated prior year. Increases in most categories were partially offset by decreases in the defined benefit pension adjustment, OPEB adjustment, and depreciation and amortization:

- The defined benefit pension adjustment decreased $2,388,984, from an expense of $1,543,466 in fiscal year 2025 (as restated) to a credit of $845,518 in fiscal year 2026, reflecting the $5,988,171 decrease in the net pension liability and related changes in deferred amounts, primarily because the CalPERS fund-wide investment return of 11.6% exceeded the 6.9% assumed rate of return used for financial reporting (6.8% for funding purposes).
- Salaries and benefits increased $2,038,162, or 6.9%, compared with the restated prior year, due to lower vacancy rates than in the prior year, 4% wage increases under the labor agreements and for administrative staff, and higher health premiums.
- Purchased transportation increased $231,112, or 2.0%, due to paratransit contract rate increases, partially offset by lower demand, as passenger trips decreased approximately 4.6%.
- Materials and supplies increased $627,199, or 19.9%, due to significant increases in fuel prices.
- Services increased $429,133, or 17.1%, primarily due to subscription payments now being expensed as incurred following the termination of the prior subscription-based information technology arrangements (SBITAs) (see Long-Term Financing Activity below), along with the purchase of new fleet maintenance software.
- Insurance increased $378,292, or 26.6%, due to higher excess coverage costs and the recognition of outstanding claim liabilities at year-end.
- The OPEB adjustment decreased $305,887, resulting in a credit of $402,721, due to favorable retiree and employee experience compared with prior actuarial projections.
- Depreciation and amortization decreased $388,086, or 5.4%, due to assets becoming fully depreciated and the termination of the SBITAs.

Noncapital Subsidies

	2026	2025	2026 to 2025 Increase (Decrease) Amount	%
Noncapital Subsidies				
Federal operating assistance	$ 1,763,468	$ 1,756,980	$ 6,488	0.4%
State and local operating assistance	43,867,125	40,973,618	2,893,507	7.1%
Total noncapital subsidies	$ 45,630,593	$ 42,730,598	$ 2,899,995	6.8%

Noncapital subsidies increased $2,899,995, or 6.8%, compared with the prior year. State and local operating assistance increased $2,893,507, or 7.1%, and accounted for nearly all of the increase. The largest sources of state and local operating assistance were:

- Transportation Development Act (TDA) revenue of $26,752,293, including $1,087,356 of Article 4.5 funds for community transit services. TDA returns to the County ¼ cent of the sales tax collected in the County. TDA is the Authority's revenue of "last resort" and is claimed only after all other non-discretionary revenue sources have been used. Unclaimed TDA allocations are held by the Metropolitan Transportation Commission (MTC) and remain available in future years; those reserves are not reflected in the basic financial statements. TDA funds received by the Authority in excess of eligible expenses are reported as TDA payable (see Note 13).
- Contra Costa Transportation Authority Measure J revenue of $8,951,712, from a countywide ½ cent sales tax.
- State Transit Assistance (STA) revenue of $6,728,438, from the state sales tax on diesel fuel.

The increase in state and local operating assistance was due to a higher TDA claim to fund the operating gap. Federal operating assistance was essentially unchanged, increasing $6,488, or 0.4%.

Other Nonoperating Revenues and Expenses

	2026	2025 (As Restated)	2026 to 2025 Increase (Decrease) Amount	%
Other Nonoperating Revenues and Expenses				
Investment income	$ 1,322,356	$ 1,578,781	$ (256,425)	(16.2%)
Interest expense	(2,223)	(21,142)	18,919	89.5%
Grants restricted for capital expenses	1,259,202	996,722	262,480	26.3%
Gain (loss) on disposal of capital assets	5,178	(24,728)	29,906	120.9%
Total other nonoperating revenues and expenses	$ 2,584,513	$ 2,529,633	$ 54,880	2.2%

Other nonoperating revenues and expenses increased $54,880, or 2.2%, compared with the restated prior year, as follows:

- Investment income decreased $256,425, or 16.2%. Interest income on cash and LAIF decreased $299,712, or 20.7%, despite slightly higher average cash balances, due to an average decline in LAIF yields of approximately 40 basis points during the year and unrealized losses recognized at year-end, partially offset by a $43,287 increase in Section 115 pension trust earnings, to $174,977.
- Interest expense decreased $18,919 because the prior SBITA arrangements were terminated effective August 1, 2025.
- Grants restricted for capital expenses increased $262,480, or 26.3%, primarily due to the replacement of four non-revenue vehicles, closure of two below-ground fuel tanks, progress on the installation of two above-ground fuel tanks, and electric bus rehabilitation costs. See Significant Capital Asset and Long-Term Financing Activity below.
- The Authority recognized a gain on disposal of capital assets of $5,178, compared with a loss of $24,728 in the prior year.

Long-Term Liabilities

At June 30, 2026, long-term liabilities, including amounts due within one year, were $16,554,196, compared to $23,128,508 at June 30, 2025, a decrease of $6,574,312, or 28.4%. The decrease was primarily due to the following: the net pension liability decreased $5,988,171, to $8,463,222, primarily because the CalPERS fund-wide investment return of 11.6% exceeded the 6.9% assumed rate of return used for financial reporting (6.8% for funding purposes); the net OPEB liability decreased $1,093,140, to $1,054,760, due to favorable retiree and employee experience compared with prior actuarial projections; and the SBITA liability of $583,351 at June 30, 2025, was removed upon termination of the SBITAs. These decreases were partially offset by increases in self-insurance liabilities of $833,752, to $4,008,413, due to the recognition of outstanding claim liabilities at year-end, and compensated absences of $256,598, to $3,027,801. Related to the pension and OPEB plans, deferred outflows of resources decreased $2,344,234 and deferred inflows of resources increased $3,347,447. See Notes 7, 8, 11, 12, and 15 for further details.

Significant Capital Asset and Long-Term Financing Activity

Capital Asset Activity

	2026	2025	2026 to 2025 Increase (Decrease) Amount	%
Land and land improvements	$ 5,163,064	$ 5,163,064	$ -	-
Construction in process	1,076,700	305,807	770,893	252.1%
Shop, office, other equipment, and service vehicles	3,602,426	4,025,650	(423,224)	(10.5%)
Buildings and structures	22,097,169	22,559,814	(462,645)	(2.1%)
Revenue vehicles	79,952,428	80,370,081	(417,653)	(0.5%)
Subscription assets	-	801,091	(801,091)	(100.0%)
Total capital assets	111,891,787	113,225,507	(1,333,720)	(1.2%)
Less accumulated depreciation/amortization	(73,886,594)	(69,143,392)	(4,743,202)	(6.9%)
Total capital assets, net	$ 38,005,193	$ 44,082,115	$ (6,076,922)	(13.8%)

The Authority's investment in capital assets, net of accumulated depreciation and amortization, was $38,005,193 as of June 30, 2026, a decrease of $6,076,922, or 13.8%, from the prior year, because depreciation and amortization of $6,751,216 exceeded capital additions of $1,259,201 and subscription assets were removed upon termination of the SBITAs. Significant capital asset activity during the year included the following:

- Construction in process increased $770,893, reflecting additions of $1,058,715 for the replacement of four non-revenue vehicles, the above-ground fuel tank project, electric bus improvements, security system upgrades, and Monument Boulevard bus stops, net of $287,822 placed in service.
- Buildings and structures decreased $462,645, as disposals of $795,776 of building improvements, such as HVAC controls, vehicle lifts, and office modifications, exceeded additions of $333,131, primarily $256,098 of real-time bus stop information signs at passenger stations.
- Shop, office, other equipment, and service vehicles decreased $423,224, as disposals of $550,965, primarily communication and information systems, exceeded additions of $127,741 for maintenance training room equipment, network switch upgrades, and Trapeze software improvements.
- Revenue vehicles decreased $417,653 due to the disposal of $445,089 of fully depreciated onboard camera systems, partially offset by additions of $27,436.
- Subscription assets of $801,091, and the related accumulated amortization, were removed upon termination of the SBITAs effective August 1, 2025.

Disposed assets were substantially fully depreciated. Capital acquisitions were funded by federal, state, and TDA capital grants of $1,259,202. See Note 5 for additional information on capital assets.

Long-Term Financing Activity

The Authority has no bonds, notes payable, leases, or public-private partnership arrangements outstanding, has no debt limitations affecting the financing of planned facilities or services, and holds no credit rating. The prior Swiftly SBITAs were terminated effective August 1, 2025, and the related subscription asset (net book value of $604,706 at June 30, 2025) and SBITA liability ($583,351 at June 30, 2025) were removed. During fiscal year 2026, the Authority entered into a new Swiftly agreement with a 12-month subscription period and annual renewal provisions; because the agreement is short-term, payments are expensed as incurred.

Currently Known Facts, Decisions, or Conditions

The following currently known facts, decisions, and conditions, as of the date of these financial statements, are expected to have a significant effect on the Authority's financial position or results of operations in fiscal year 2027 and beyond:

- *Structural deficit and TDA reserves.* Operating costs, driven by inflation, labor, and insurance costs, continue to grow faster than revenues. Current projections indicate sufficient TDA reserves held by MTC to sustain operations through fiscal year 2028 under existing assumptions. Without new, ongoing funding sources, the Authority will need to align service levels with available resources, potentially reducing mobility options for Contra Costa County residents.

- *Fiscal year 2027 budget.* The Board adopted a fiscal year 2027 operating budget of $59.3 million, an increase of 4.7% over the fiscal year 2026 budget.

    - Revenue assumptions: Passenger fare collections are expected to remain relatively flat as ridership growth has plateaued. TDA sales tax revenues are projected to remain flat or decrease slightly, with the Authority utilizing accumulated TDA reserves to supplement current-year allocations. Measure J revenues are projected to increase approximately 2.5%, while STA revenues are expected to decrease approximately $0.5 million from fiscal year 2026.
    - Spending assumptions: The budget incorporates the financial terms of three-year labor agreements negotiated with the Authority's represented bargaining units in fiscal year 2026. Insurance costs are expected to increase due to higher general liability and workers' compensation costs, and the paratransit purchased transportation budget assumes a 4% contractual rate increase and a 2% increase in ridership over fiscal year 2026 demand.
    - The fiscal year 2027 budget projects budgeted revenues of $60.0 million and operating expenditures of $59.3 million, resulting in a $0.7 million budgetary surplus. The budget also anticipates drawing approximately $9.9 million from accumulated TDA reserves to fund operating and capital needs, reducing total operating and capital reserves from a projected $47.7 million at June 30, 2026, to $38.5 million at June 30, 2027.

- *Fleet replacement.* Subsequent to June 30, 2026, the Board authorized the purchase of seven buses at an estimated cost of approximately $5.33 million, to be funded by FTA, TDA, and bridge toll funds. No purchase contract had been executed as of fiscal year-end; a notice to proceed was issued to Gillig in August 2026.

- *Regional funding.* The Connect Bay Area regional transit measure has qualified for the November 2026 ballot and, if approved, would establish a new regional sales tax to support Bay Area transit operations. If the measure is not approved, the Authority expects to implement service reductions and other cost-containment measures under an Alternative Service Plan adopted by the Board in April 2026 to address projected funding shortfalls. The plan prioritizes preservation of higher-ridership routes and school service while reducing service on lower-performing routes and limiting certain paratransit service.

- *Pension and OPEB.* CalPERS employer pension contributions will increase in fiscal year 2027, with the employer normal cost rate increasing from 9.52% to 9.73% and the required unfunded liability payment increasing from approximately $818,000 to $1.09 million. Effective January 1, 2026, the Authority modified its retiree medical benefits to provide consistent contribution caps across all employee groups. The change is expected to increase the OPEB liability by approximately $295,000 and will first be recognized for financial reporting in fiscal year 2027.

Contacting the Authority's Financial Management

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

Respectfully submitted,

Amber Johnson
Chief Financial Officer

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BASIC FINANCIAL STATEMENTS

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CENTRAL CONTRA COSTA TRANSIT AUTHORITY
STATEMENT OF NET POSITION
AS OF JUNE 30, 2026 (WITH COMPARATIVE TOTALS)

	2026	2025 (As Restated)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 2)	$ 25,044,097	$ 23,030,258
Capital and operating grants receivable	2,335,164	1,620,805
Materials and supplies	1,140,817	1,175,276
Other receivables	1,525,156	1,090,253
Prepaid expenses	273,558	305,978
Total Current Assets	30,318,792	27,222,570
Noncurrent Assets		
Restricted investments - Section 115 pension trust (Note 2)	2,082,642	1,699,084
Capital assets, net (Note 5)	38,005,193	44,082,115
Total Noncurrent Assets	40,087,835	45,781,199
Total Assets	70,406,627	73,003,769
DEFERRED OUTFLOWS OF RESOURCES (Notes 7 and 11)		
Other postemployment benefits (OPEB)	879,347	1,039,958
Defined benefit pension	2,609,346	4,792,969
Total Deferred Outflows of Resources	3,488,693	5,832,927
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 73,895,320	$ 78,836,696
LIABILITIES		
Current Liabilities		
Accounts payable	$ 2,633,284	$ 3,271,110
Other current liabilities	25,016	28,978
Due to other government - TDA payable (Note 13)	13,218,496	11,005,532
Advances from County of Alameda - STA (Note 6)	102,500	100,000
Advances from customers (Note 6)	52,364	54,208
Advances from LCTOP (Note 6)	244,134	297,199
Advances from MTC (Note 6)	717,248	845,652
Compensated absences (Note 12)	2,035,636	1,639,519
Other accrued liabilities	575,946	1,156,571
SBITA liabilities (Note 15)	-	227,640
Self-insurance liabilities (Notes 8 and 12)	1,208,607	1,141,810
Total Current Liabilities	20,813,231	19,768,219
Noncurrent Liabilities		
Compensated absences (Note 12)	992,165	1,131,684
SBITA liabilities (Note 15)	-	355,711
Self-insurance liabilities (Notes 8 and 12)	2,799,806	2,032,851
Net OPEB liability (Note 11)	1,054,760	2,147,900
Net pension liability (Note 7)	8,463,222	14,451,393
Total Noncurrent Liabilities	13,309,953	20,119,539
Total Liabilities	34,123,184	39,887,758
DEFERRED INFLOWS OF RESOURCES (Notes 7 and 11)		
OPEB	1,707,530	1,319,112
Defined benefit pension	3,550,954	591,925
Total Deferred Inflows of Resources	5,258,484	1,911,037
NET POSITION		
Net investment in capital assets	38,005,193	43,498,764
Unrestricted	(3,491,541)	(6,460,863)
Total Net Position	34,513,652	37,037,901
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 73,895,320	$ 78,836,696

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

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CENTRAL CONTRA COSTA TRANSIT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2026 (WITH COMPARATIVE TOTALS)

	2026	2025 (As Restated)
Operating Revenues		
Passenger fares	$ 3,612,625	$ 3,638,252
Special transit fees	3,800,158	3,343,424
Advertising and other revenue	261,022	436,755
Total Operating Revenues	7,673,805	7,418,431
Operating Expenses		
Salaries and benefits	31,421,918	29,383,756
Materials and supplies	3,776,962	3,149,763
Services	2,931,640	2,502,507
Purchased transportation	11,571,981	11,340,869
Insurance	1,801,881	1,423,589
Other	302,528	261,335
Utilities	557,562	550,716
Taxes	429,826	364,931
Leases and rentals	115,885	59,467
Defined benefit pension adjustment	(845,518)	1,543,466
OPEB adjustment	(402,721)	(96,834)
Depreciation/amortization	6,751,216	7,139,302
Total Operating Expenses	58,413,160	57,622,867
Operating Loss	(50,739,355)	(50,204,436)
Noncapital Subsidies		
Federal operating assistance	1,763,468	1,756,980
State and local operating assistance	43,867,125	40,973,618
Total Noncapital Subsidies	45,630,593	42,730,598
Operating Loss and Noncapital Subsidies	(5,108,762)	(7,473,838)
Other Nonoperating Revenues and Expenses		
Investment income	1,322,356	1,578,781
Interest (expense)	(2,223)	(21,142)
Grants restricted for capital expenses (Note 3)	1,259,202	996,722
Gain (Loss) on disposal of capital assets	5,178	(24,728)
Total Other Nonoperating Revenues and Expenses	2,584,513	2,529,633
Decrease in Net Position	(2,524,249)	(4,944,205)
Total Net Position, Beginning of Year, as Previously Reported	37,037,901	42,272,501
Restatement (Note 16)	-	(290,395)
Total Net Position, Beginning of Year, as Restated	37,037,901	41,982,106
Total Net Position, End of Year	$ 34,513,652	$ 37,037,901

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

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CENTRAL CONTRA COSTA TRANSIT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026 (WITH COMPARATIVE TOTALS)

	2026	2025 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 6,978,536	$ 6,975,885
Other operating cash receipts	261,022	436,755
Payments to employees (salaries and benefits)	(31,053,584)	(28,605,699)
Payments to suppliers	(22,063,174)	(18,789,630)
Net Cash Used in Operating Activities	(45,877,200)	(39,982,689)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal operating assistance	1,903,361	1,672,252
State and local operating assistance	45,771,336	39,813,622
Net Cash Provided by Noncapital Financing Activities	47,674,697	41,485,874
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	4,511	-
Principal payments on SBITAs	-	(217,740)
Interest payments on SBITAs	-	(21,142)
Capital subsidies received	532,234	1,111,917
Capital asset purchases	(1,259,201)	(996,722)
Net Cash Used in Capital and Related Financing Activities	(722,456)	(123,687)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments - Section 115 pension trust	(208,581)	(495,035)
Interest on investments	1,147,379	1,447,091
Net Cash Provided by Investing Activities	938,798	952,056
Net Increase in Cash and Cash Equivalents	2,013,839	2,331,554
Cash and Cash Equivalents, Beginning of Year	23,030,258	20,698,704
Cash and Cash Equivalents, End of Year	$ 25,044,097	$ 23,030,258

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

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CENTRAL CONTRA COSTA TRANSIT AUTHORITY
STATEMENT OF CASH FLOWS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2026 (WITH COMPARATIVE TOTALS)

	2026	2025 (As Restated)
Operating Loss	$ (50,739,355)	$ (50,204,436)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation/amortization	6,751,216	7,139,302
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Decrease (Increase) in receivables	(434,903)	84,469
Decrease (Increase) in materials and supplies	34,459	(66,988)
Decrease (Increase) in prepaid expenses	32,420	(177,776)
Increase (Decrease) in accounts payable	(637,826)	1,079,333
Increase (Decrease) in net pension liability and related items	(845,518)	1,543,466
Increase (Decrease) in net OPEB liability and related items	(544,111)	(388,328)
Increase (Decrease) in advances	656	(90,260)
Increase (Decrease) in other liabilities and compensated absences	505,762	1,098,529
Net Cash Used in Operating Activities	$ (45,877,200)	$ (39,982,689)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Subscription assets acquired through SBITAs	$ -	$ 801,091
Subscription assets removed upon termination of SBITAs, net of accumulated amortization	(584,122)	-
SBITA liabilities and accrued interest removed upon termination of SBITAs	585,574	-
Reinvested investment earnings - Section 115 pension trust	174,977	131,690

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

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Basis of Accounting and Presentation

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

Capital Grants

The Authority receives grants from the Federal Transit Administration (FTA) and other agencies of the U.S. Department of Transportation and state and local transportation funds for the acquisition of transit-related equipment and improvements. Capital grants are reported as other nonoperating revenues in the Statement of Revenues, Expenses, and Changes in Net Position and totaled $1,259,202 for the fiscal year ended June 30, 2026.

Net Position

Net position represents the residual interest in the Authority's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. Net position is presented in three broad components: net investment in capital assets, restricted, and unrestricted. Net investment in capital assets includes capital assets net of accumulated depreciation/amortization and reduced by outstanding debt that is attributable to the acquisition, construction, or improvement of those assets. Net position is restricted when constraints are imposed by third parties or by law through constitutional provisions or enabling legislation. All other net position is unrestricted. Investments held in the Authority's Section 115 pension trust are reported as restricted investments; however, because the net pension liability the assets will be used to liquidate exceeds the trust balance, no portion of net position is reported as restricted.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Accounting and Presentation (Continued)

Classification of Revenues and Expenses

Enterprise funds distinguish operating revenues and expenses from nonoperating items. In accordance with GASB Statement No. 103, nonoperating revenues and expenses consist of subsidies received and provided, contributions to permanent and term endowments, revenues and expenses related to financing, resources from the disposal of capital assets and inventory, and investment income and expenses. All other revenues and expenses are reported as operating. The Authority's operating revenues include passenger fares, special transit fees, and advertising and other revenue. Operating expenses include the cost of operating maintenance and support of transit services and related capital assets, administrative expenses, and depreciation/amortization on capital assets. Federal, state, and local operating assistance is reported as noncapital subsidies. Capital grants, investment income, interest expense, and gains or losses on the disposal of capital assets are reported as other nonoperating revenues and expenses.

B. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Cash and Cash Equivalents

Certain cash and cash equivalents are classified as restricted because their use is limited by applicable contracts or stipulations of the granting agency. Some of these restricted funds are required to be maintained in separate bank accounts. The Authority had no restricted cash and cash equivalents at June 30, 2026.

For the purpose of the Statement of Cash Flows, the Authority considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. At June 30, 2026, the Authority considered all of its cash and investments, other than investments held in the Section 115 pension trust, to be cash and cash equivalents.

Restricted Investments

Restricted investments consist of assets held in the Authority’s Section 115 pension trust administered by Public Agency Retirement Services (PARS). The trust assets are irrevocably restricted to the payment of the Authority’s pension costs but are not assets of the CalPERS pension plan; accordingly, they are reported as restricted investments of the Authority and are not included in the pension plan’s fiduciary net position. Trust investments are reported at fair value, and investment income, including realized and unrealized gains and losses, is reported net of trust administration and trustee fees within investment income. See Notes 2 and 7.

D. Materials and Supplies

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

E. Capital Assets

Capital assets are stated at cost. The Authority does not apply a minimum dollar threshold to individual items. The decision to capitalize an asset is based on federal grant requirements, the aggregate cost of the project, and the asset's estimated useful life, with final determination made by the Director of Maintenance and the Director of Finance. Land and construction in process are not depreciated. All other capital assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Capital Assets (Continued)

Buildings and structures	30 years
Revenue vehicles	9-13 years
Shop, office, other equipment, and service vehicles	3-10 years
Subscription assets	subscription term

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

F. Deferred Outflows and Inflows of Resources

A deferred outflow of resources is defined as a consumption of net position by the Authority that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position that is applicable to a future reporting period. The Authority has deferred outflows of resources and deferred inflows of resources related to the California Public Employees' Retirement System (CalPERS) defined benefit plan for pensions and for its postemployment healthcare OPEB plan. Refer to Notes 7 and 11 for more information.

G. Self-Insurance Liabilities

The Authority is self-insured for public liability and property damage for the first $250,000 of each occurrence. Claims between $250,000 and $1,000,000 are insured through a risk-sharing pool with the California Transit Systems Joint Powers Insurance Authority (CalTIP) and claims in excess of $1,000,000 are insured with excess insurance purchased through CalTIP up to $25 million per occurrence. Additionally, the Authority is self-insured for workers' compensation claims for the first $250,000 of each occurrence. Claims between $250,000 and $5,000,000 are insured through a risk-sharing pool with the Local Agency Workers' Compensation Excess (LAWCX), and claims in excess of $5,000,000 are insured with excess coverage purchased through LAWCX. Refer to Note 8 for further descriptions. The Authority has recorded a liability for estimated claims to be paid, based on an actuarial review of both self-insured programs.

H. Capital and Operating Grants

Federal, state, and local governments have made various grants available to the Authority for operating assistance and acquisition of capital assets. Grants for operating assistance, the acquisition of equipment, or other capital outlay are not formally recognized in the accounts until the grant becomes a valid receivable as a result of the Authority's compliance with appropriate grant requirements.

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

I. Defined Benefit Pension

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Defined Benefit Pension (Continued)

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

J. Defined Benefit Other Postemployment Benefits (OPEB)

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

K. Compensated Absences

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

L. Funding Sources/Programs

Transportation Development Act (TDA)

The Local Transportation Fund was created under the TDA to collect ¼ cent of the State's 7.25 percent retail sales tax collected statewide. The ¼ cent is returned by the California Department of Tax and Fee Administration (CDTFA) to each county based on the amount of tax collected in that county. TDA funds are apportioned, allocated, and paid in accordance with allocation instructions from the Metropolitan Transportation Commission (MTC) to the Authority for specific transportation purposes.

State Transit Assistance (STA)

STA funds are generated by the state's sales tax on diesel fuel. This program provides a second source of funding for transportation planning and mass transportation purposes as specified by California legislation.

Federal Transit Administration (FTA)

This program represents funding from within the U.S. Department of Transportation to assist local transportation needs. All federal funding sources are distributed by FTA after approval by the MTC.

Measure J Funds

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Subscription-Based Information Technology Arrangements (SBITAs)

The Authority accounts for SBITAs in accordance with GASB Statement No. 96. For SBITAs with a subscription term of more than 12 months, the Authority recognizes a subscription liability and subscription asset (an intangible asset). The subscription asset is initially measured at the amount of the initial subscription liability, plus any payments made before the start of the subscription term, less any incentives received, plus capitalizable implementation costs, and is amortized on a straight-line basis over the subscription term. SBITAs with a maximum possible term of 12 months or less, including renewal periods that either party may cancel, are short-term SBITAs, and payments are expensed as incurred. See Note 15.

N. New Accounting Pronouncements

During the fiscal year ended June 30, 2026, the Authority implemented the following GASB Statements:

GASB Statement No. 103 – *Financial Reporting Model Improvements*. During fiscal year 2026, the Authority implemented GASB Statement No. 103, Financial Reporting Model Improvements, as a change in accounting principle in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*. Implementation revised the presentation of operating and nonoperating revenues and expenses and the content of management's discussion and analysis. Advertising and other revenue are now classified as operating revenue, federal, state, and local operating assistance is presented separately as noncapital subsidies, and capital grants are presented within other nonoperating revenues. Fiscal year 2025 comparative amounts have been reclassified to conform to the current-year presentation. These changes had no effect on beginning net position, the previously reported change in net position, or ending net position for fiscal year 2025.

GASB Statement No. 104 – *Disclosure of Certain Capital Assets*. During fiscal year 2026, the Authority implemented GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The Statement requires certain types of capital assets, including subscription assets, to be disclosed separately in the capital assets note, and requires additional disclosures for capital assets held for sale. Implementation resulted in additional disclosures in Note 5 and did not have a material effect on the Authority's financial statements.

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

GASB Statement No. 105 - *Subsequent Events*. In December 2025, the GASB issued Statement No. 105, *Subsequent Events.* The requirements of this Statement are effective for fiscal years beginning after June 15, 2026. The Authority has not yet determined the effect, if any, that implementation of this Statement will have on its financial statements.

O. Subsequent Events

Subsequent events were evaluated through _____, 2026, which is the date the basic financial statements were issued.

Subsequent to June 30, 2026, the Board authorized the purchase of seven buses at an estimated cost of approximately $5.33 million, to be funded by FTA, TDA, and bridge toll funds. A notice to proceed was issued to Gillig in August 2026 to purchase these buses.

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash, cash equivalents, and investments consisted of the following as of June 30, 2026:

Cash on hand	$ 410
Cash in banks	833,740
Local Agency Investment Fund (LAIF)	23,906,659
Clearing accounts	303,288
Total cash and cash equivalents	$ 25,044,097
Restricted investments - Section 115 pension trust	2,082,642
Total cash, cash equivalents, and investments	$ 27,126,739

A. Investments Authorized by the California Government Code and the Authority's Investment Policy

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	100%	50%
U.S. Treasury Obligations	5 years	100%	50%
U.S. Agency Securities	5 years	100%	50%
Negotiable Certificates of Deposit*	5 years	30%	30%
County Pooled Investment Funds	N/A	100%	50%
Local Agency Investment Fund (LAIF)	N/A	100%	100%

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

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

B. Section 115 Pension Trust

In fiscal year 2024, the Board of Directors established a pension prefunding account within the PARS Post-Employment Benefits Trust, an Internal Revenue Code Section 115 trust, with PARS as trust administrator, U.S. Bank as trustee, and HighMark Capital Management as investment manager. Assets held in the trust are restricted to the payment of the Authority's pension costs. Trust assets are invested in accordance with the trust agreement and the investment guidelines selected by the Authority for the trust (the Moderately Conservative Index strategy), rather than the investment types and limitations shown in the table above and consist of a money market mutual fund and equity and fixed income mutual funds and exchange-traded funds. At June 30, 2026, the fair value of the trust investments was $2,082,642.

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

C. Investment in State Investment Pool

The Authority is a voluntary participant in the LAIF that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the Authority's investment in this pool is reported in the accompanying basic financial statements at amounts based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2026, had a balance of $193 billion. Of that amount, 3.47% was invested in medium-term and short-term structured notes and asset-backed securities. The average maturity of PMIA investments was 269 days as of June 30, 2026.

LAIF has the following restrictions on withdrawals:

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

The State Treasurer's Office reports its investments at fair value. The fair value of securities in the State Treasurer's pooled investment program, including LAIF, generally is based on quoted market prices. The State Treasurer's Office performs a quarterly fair valuation of the pooled investment program portfolio. In addition, the State Treasurer's Office performs a monthly fair valuation of all securities held against carrying cost. These valuations and financial statements are posted to the State Treasurer's Office website at www.treasurer.ca.gov.

D. Fair Value Measurements

The Authority's investment in LAIF is reported at fair value based on the Authority's pro-rata share of the fair value provided by LAIF. Investments in external investment pools are not subject to the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*, and therefore are not categorized.

Investments held in the Section 115 pension trust are measured at fair value on a recurring basis using quoted prices in active markets for identical assets (Level 1 inputs), except for the money market mutual fund, which is measured at amortized cost ($1.00 per share) and is not subject to the fair value hierarchy. The Authority's fair value measurements for the Section 115 pension trust at June 30, 2026, were as follows:

		Fair Value Measurement Using		
Investment Type	Total	Level 1	Level 2	Level 3
Investments by fair value level:				
Equity mutual funds and exchange-traded funds	$ 641,016	$ 641,016	$ -	$ -
Fixed income mutual funds and exchange-traded funds	1,391,510	1,391,510	-	-
Total investments by fair value level	$ 2,032,526	$ 2,032,526	$ -	$ -
Investments not subject to fair value hierarchy:				
Money market mutual fund	50,116			
Total Section 115 pension trust investments	$ 2,082,642			

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

E. Disclosures Relating to Interest Rate Risk

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

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

		Remaining Maturity			
Investment Type	Amount	12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
LAIF	$23,906,659	$23,906,659	$ -	$ -	$ -
Money market fund [1]	50,116	50,116	-	-	-
Fixed income funds [1]	1,391,510	-	-	97,346	1,294,164
Total	$25,348,285	$23,956,775	$ -	$ 97,346	$ 1,294,164

[1] Held in the Section 115 pension trust; fixed income funds are presented based on each fund's weighted average maturity.

F. Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or the Authority's investment policy, and the actual rating as of fiscal year end for each investment type. The column marked "exempt from disclosure" identifies those investment types for which GASB Statement No. 40, *Deposit and Investment Risk Disclosures—an Amendment of GASB Statement No. 3,* does not require disclosure as to credit risk:

		Minimum Legal	Exempt From	Rating as of Year-End		
Investment Type	Amount	Rating	Disclosure	AAA	Aa	Not Rated
LAIF	$23,906,659	N/A	$ -	$ -	$ -	$23,906,659
Money market fund [1][2]	50,116	N/A	-	50,116	-	-
Fixed income funds [1]	1,391,510	N/A	-	-	-	1,391,510
Total	$25,348,285		$ -	$ 50,116	$ -	$25,298,169

[1] Held in the Section 115 pension trust.
[2] Rated AAAm by S&P Global Ratings.

Equity mutual funds and exchange-traded funds of $641,016 held in the Section 115 pension trust are not subject to interest rate risk or credit risk and are excluded from the interest rate risk and credit risk tables above.

G. Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

G. Custodial Credit Risk (Continued)

for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: $1,781,188 of the Authority's deposits with financial institutions were in excess of federal depository insurance limits and were held in collateralized accounts as of June 30, 2026. Investments held in the Section 115 pension trust are held by U.S. Bank, as trustee, in the name of the trust and are not exposed to custodial credit risk.

H. Concentration of Credit Risk

The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The Authority did not have any investments in any one issuer (other than external investment pools and mutual funds) that represent 5% or more of the Authority's total investments at June 30, 2026. The Section 115 pension trust's investment guidelines do not limit investments in any one issuer; the trust is invested in diversified mutual funds and exchange-traded funds.

NOTE 3 – CAPITAL GRANTS

The Authority receives grants from the FTA, which provide financing primarily for the acquisition of rolling stock. The Authority also receives grants under the State TDA and State Toll Bridge revenue programs primarily for the acquisition of rolling stock and support equipment, and the purchase of furniture and fixtures.
A summary of federal, state, and local grant activity for the fiscal year ended June 30, 2026, is as follows:

Federal grants	$ 163,003
State grants	32,893
TDA (local transportation grants)	1,063,306
Total Capital Assistance	$ 1,259,202

NOTE 4 – OPERATING GRANTS

The Authority receives local transportation fund allocations pursuant to the 1971 State TDA. These funds are generated within the County and are allocated based on annual claims filed by the Authority and approved by the MTC. Generally, the maximum annual TDA assistance the Authority can receive is limited to its actual operating costs less fare revenues received, federal operating assistance received, and other local operating assistance (toll bridge revenue allocations, local sales tax allocations, and related interest income). In computing the maximum TDA assistance eligibility, the Authority excludes safe harbor lease income and discretionary income, which for the fiscal year ended June 30, 2026, was $72,774 and $1,336,737, respectively. For the fiscal year ended June 30, 2026, the Authority's maximum TDA assistance eligibility was $26,752,293.

During the fiscal year ended June 30, 2026, the Authority earned $8,951,712 of Measure J funds from the Contra Costa Transportation Authority, which is included in state and local operating assistance. These funds, derived from sales and use taxes, are to be used for bus services to alleviate congestion and improve mobility; transportation for seniors and people with disabilities; express bus service; and bus transit improvements.

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NOTE 4 – OPERATING GRANTS (Continued)

During the fiscal year ended June 30, 2026, the Authority earned $161,976 of State of Good Repair (SGR) funds from STA funds out of Senate Bill 1 (SB1). Eligible projects for SGR funding include security equipment and systems, as well as preventative maintenance. The Authority used SGR funds to support the ongoing maintenance of its onboard technology. The Authority also earned other state and local operating assistance of $8,001,144, which mostly consisted of STA revenues.

Federal operating assistance funds have also been received pursuant to Section 9 of the Urban Mass Transportation Act of 1974 (now FTA) of $1,763,468, consisting of Section 5307 funds of $1,642,987 and Transit Performance Initiative funds of $120,481. Section 5307 funds are apportioned to the local urbanized area and allocated to individual transit operators by the MTC after FTA approval. Expenses of federal operating assistance funds are subject to final audit and approval by the MTC and the FTA.

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION/AMORTIZATION

Capital asset activity for the fiscal year ended June 30, 2026, was as follows:

	Balance June 30, 2025	Additions	Deletions/ Transfers	Balance June 30, 2026
Capital Assets Not Being Depreciated/Amortized:				
Construction in process	$ 305,807	$ 1,058,715	$ (287,822)	$ 1,076,700
Land	2,704,785	-	-	2,704,785
Total Capital Assets Not Being Depreciated/Amortized	3,010,592	1,058,715	(287,822)	3,781,485
Capital Assets Being Depreciated/Amortized:				
Administrative buildings	6,615,299	55,530	(523,008)	6,147,821
Maintenance buildings	10,192,997	21,503	(208,463)	10,006,037
Passenger stations	5,751,518	256,098	(64,305)	5,943,311
Revenue vehicles	80,370,081	27,436	(445,089)	79,952,428
Service vehicles	849,901	-	(44,165)	805,736
Fare collection equipment	447,600	-	(12,720)	434,880
Communication/information systems	2,728,149	69,242	(494,080)	2,303,311
Other capital assets	-	58,499	-	58,499
Land improvements	2,458,279	-	-	2,458,279
Subscription assets	801,091	-	(801,091)	-
Total Capital Assets Being Depreciated/Amortized	110,214,915	488,308	(2,592,921)	108,110,302
Less Accumulated Depreciation/Amortization for:				
Administrative buildings	6,198,695	126,027	(523,008)	5,801,714
Maintenance buildings	8,331,654	361,878	(208,280)	8,485,252
Passenger stations	3,375,367	292,456	(64,061)	3,603,762
Revenue vehicles	45,194,573	5,777,629	(445,089)	50,527,113
Service vehicles	567,600	70,652	(44,164)	594,088
Fare collection equipment	447,600	-	(12,720)	434,880
Communication/information systems	2,457,262	73,301	(493,723)	2,036,840
Other capital assets	-	1,535	-	1,535
Land improvements	2,374,256	27,154	-	2,401,410
Subscription assets	196,385	20,584	(216,969)	-
Total Accumulated Depreciation/Amortization	69,143,392	6,751,216	(2,008,014)	73,886,594
Total Capital Assets Being Depreciated/Amortized, Net	41,071,523	(6,262,908)	(584,907)	34,223,708
Total Capital Assets, Net	$ 44,082,115	$ (5,204,193)	$ (872,729)	$ 38,005,193

Depreciation expense for the fiscal year ended June 30, 2026, was $6,730,632. Amortization expense on subscription assets was $20,584. The Authority's subscription assets were removed upon termination of the SBITAs effective August 1, 2025 (see Note 15).

The Authority had no capital assets held for sale at June 30, 2026.

NOTE 6 – ADVANCES

The Authority receives allocations from other governmental agencies to fund transit operations and capital purchases. Allocations are considered earned when they are properly spent for operations or capital acquisitions. Allocations received but not earned are recorded as unearned revenues.

The Authority had received the following allocations which are considered to be unearned revenue as of June 30, 2026:

Advances from LCTOP	$	244,134
Advances from the MTC		717,248
Advances from Customers		52,364
Advances from County of Alameda - STA		102,500
Total Advances	$	1,116,246

NOTE 7 – EMPLOYEES' RETIREMENT PENSION PLAN

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

Plan Description

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

Benefits Provided

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

The Plan's provisions and benefits in effect at June 30, 2026, are summarized as follows:

	Miscellaneous	
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit Formula	2%@60	2%@62
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	50	52
Monthly Benefits, as a Percentage of Eligible Compensation	1.092%-2.418%	1.000%-2.500%
Required Employee Contribution Rates	7.000%	9.250%
Required Employer Contribution Rates	9.520%	9.520%

NOTE 7 – EMPLOYEES' RETIREMENT PENSION PLAN (Continued)

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

Employees Covered

As of the June 30, 2024 actuarial valuation, the following employees were covered by the benefit terms of the Plan:

	Miscellaneous
Inactive Employees or Beneficiaries Currently Receiving Benefits	244
Inactive Employees Entitled to but not yet Receiving Benefits	199
Active Employees	231
Total	674

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the fiscal year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the fiscal year ended June 30, 2026, the classic (prior to January 1, 2013) active employee contribution rate is 7.00% of annual pay, the PEPRA (on or after January 1, 2013) active employee contribution rate is 9.25% of annual pay, and the employer's contribution rate is 9.52% of annual payroll. Employer contribution rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution. The Authority pays a portion of the required employee contributions on behalf of certain employees. For the fiscal year ended June 30, 2026, these employer-paid member contributions totaled $368,694 and, in accordance with GASB Statement No. 82, are classified as employee contributions and reported in salaries and benefits rather than as pension contributions.

B. Net Pension Liability

The Authority's net pension liability for the Plan is measured as the total pension liability, less the Plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2025, using an annual actuarial valuation as of June 30, 2024, rolled forward to June 30, 2025, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

NOTE 7 – EMPLOYEES' RETIREMENT PENSION PLAN (Continued)

B. Net Pension Liability (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2024
Measurement Date	June 30, 2025
Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	6.90%
Mortality[(1)]	Derived using CalPERS' Membership Data for all funds.
Post-Retirement Benefit Increase	The lesser of contract cost of living adjustment (COLA) or 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter.

[(1)] The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2024, valuation were based on the recommendations in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases and inflation assumption for Public Agencies. The Experience Study and Review of Actuarial Assumptions report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Discount Rate

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

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the reporting period ended June 30, 2026, the 6.90% discount rate was not reduced for administrative expense.

NOTE 7 – EMPLOYEES' RETIREMENT PENSION PLAN (Continued)

B. Net Pension Liability (Continued)

Long-Term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account 20-year market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates to project compound (geometric) returns over the long term. The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation[1]	Real Return[1][2]
Public Equity	37.00%	4.56%
Private Equity	17.00%	5.56%
Fixed Income	28.00%	2.53%
Real Assets	15.00%	3.03%
Private Debt	8.00%	4.93%
Strategic Leverage	-5.00%	1.40%
Total	100.00%	

[1] Figures are based on the 2024 Mid-Cycle Asset Liability Management study.

[2] An expected annual rate of price inflation of 2.30% was used for this period.

Annual Money-Weighted Return

For the measurement period ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expenses, was 12.1%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 7 – EMPLOYEES' RETIREMENT PENSION PLAN (Continued)

C. Changes in the Net Pension Liability

The changes in the net pension liability are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2024 (Measurement Date)	$ 129,834,582	$ 115,383,189	$ 14,451,393
Changes in the year:			
Service Cost	3,024,244	-	3,024,244
Interest on the Total Pension Liability	8,808,892	-	8,808,892
Differences between Expected and Actual Experience	(467,660)	-	(467,660)
Changes in Assumptions	-	-	-
Changes in Benefit Terms	-	-	-
Net Plan to Plan Resource Movement	-	-	-
Contribution - Employer	-	2,197,842	(2,197,842)
Contribution - Employees	-	1,329,738	(1,329,738)
Net Investment Income	-	13,908,519	(13,908,519)
Administrative Expenses	-	(82,452)	82,452
Other Miscellaneous Income/(Expense)	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(6,427,864)	(6,427,864)	-
Net Changes	4,937,612	10,925,783	(5,988,171)
Balance at June 30, 2025 (Measurement Date)	$ 134,772,194	$ 126,308,972	$ 8,463,222

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

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.90%) or one percentage point higher (7.90%) than the current rate:

	Discount Rate -1% (5.90%)	Discount Rate (6.90%)	Discount Rate +1% (7.90%)
Plan's Net Pension Liability	$ 25,197,931	$ 8,463,222	$ (5,521,960)

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 7 – EMPLOYEES' RETIREMENT PENSION PLAN (Continued)

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

For the fiscal year ended June 30, 2026, the Authority recognized pension expense of $1,682,569. At June 30, 2026, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	$ 2,528,088	$ -
Differences between Expected and Actual Experience	81,258	(601,366)
Net Differences between Projected and Actual Earnings on Plan Investments	-	(2,949,588)
Total	$ 2,609,346	$ (3,550,954)

$2,528,088 reported as a deferred outflow of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are recognized over the expected average remaining service lifetime of 3.1 years, except for the net difference between projected and actual earnings on plan investments, which is recognized over five years, and will be recognized as pension expense as follows:

Measurement Period Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ 1,348,670
2027	(1,818,744)
2028	(1,788,858)
2029	(1,210,764)
2030	-
Thereafter	-
Total	$ (3,469,696)

E. Payable to the Pension Plan

No amounts were payable to the pension plan at June 30, 2026.

F. Changes After the Measurement Date

In November 2025, the CalPERS Board of Administration adopted new actuarial assumptions based on its 2025 Experience Study, including an increase in the price inflation assumption from 2.30% to 2.50% and updated mortality improvement, salary scale, and retirement assumptions, and retained the current discount rate. These changes will be reflected in the June 30, 2026 measurement date and are not reflected in the net pension liability reported at June 30, 2026.

G. Section 115 Pension Trust

As described in Note 2, the Authority has established a Section 115 pension trust with PARS to prefund its pension costs. Assets held in the trust are not pension plan assets as defined by GASB Statement No. 68 and, therefore, are not included in the Plan's fiduciary net position and do not reduce the net pension liability. Contributions to the trust are not pension contributions to CalPERS. The trust balance of $2,082,642 at June 30, 2026, is reported as restricted investments in the Statement of Net Position.

NOTE 8 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority is self-insured for public liability and property damage up to $250,000 per occurrence. Claims between $250,000 and $1,000,000 are insured through CalTIP, a joint powers agency (risk sharing pool) established in 1987 to provide an independently managed self-insurance program for member transit operators. Claims in excess of the pool limit are covered by excess insurance purchased by CalTIP up to $25 million per occurrence. Specifically, the Authority has the following forms of coverage through CalTIP:

- bodily injury liability,
- property damage liability,
- public officials errors and omissions liability, and
- personal injury liability.

The purpose of CalTIP is to spread the adverse effect of losses among the member agencies and to purchase excess insurance as a group, thereby reducing its expense.

The Authority makes payments to CalTIP based on actuarial estimates of the amounts needed to pay prior year and current year claims. The claims liability of $909,956 at June 30, 2026, is based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, for Public Entity Risk Pools, and for Entities Other Than Pools,* which requires that a liability for claims be reported if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated. This liability relates to the Authority's self-insured retention for its insurance program.

As of July 1, 2001, the Authority obtained insurance coverage relating to workers' compensation claims through the LAWCX, a joint powers agency (risk sharing pool) established in 1992 as a statewide joint powers authority. Currently, there are 32 members consisting of 22 municipalities, 9 joint powers authorities, and 1 special district. The Authority is self-insured up to $250,000 per occurrence. Claims between $250,000 and $5,000,000 are covered by LAWCX. The Authority pays an annual premium to the pool. LAWCX participates in the Public Risk Innovation, Solutions, and Management (PRISM) risk pool for excess workers' compensation coverage in excess of $5 million up to statutory limits. PRISM is a member-directed risk sharing pool of counties and public entities committed to providing risk coverage programs and risk management services.

The Authority makes payments to LAWCX based on the actuarial estimates of the amounts needed to pay prior year and current year claims. The claims liability of $3,098,457 at June 30, 2026, is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated. This liability relates to the Authority's self-insured retention for its insurance program.

Settled claims have not exceeded insurance coverage in any of the past three fiscal years, and there were no significant reductions in insurance coverage from the prior year.

The claims liabilities for both programs are based on actuarial studies and are presented at the 90% confidence level, discounted at an annual rate of 2.5%. Changes in the Authority's claims liabilities for the fiscal years ended June 30, 2026 and 2025, were as follows:

NOTE 8 – RISK MANAGEMENT (Continued)

Fiscal Year Ended	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Balance
June 30, 2025	$ 2,452,905	$ 2,119,709	$ (1,397,953)	$ 3,174,661
June 30, 2026	$ 3,174,661	$ 1,787,092	$ (953,340)	$ 4,008,413

NOTE 9 – COMMITMENTS AND CONTINGENCIES

The Authority has received state and federal funds for specific purposes that are subject to review and audit by grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, the Authority believes that any required reimbursements will not be material.

Additionally, the Authority is involved in various lawsuits, claims, and disputes, which for the most part are normal to the Authority's operations. In the opinion of Authority management, the costs that might be incurred, if any, would not materially affect the Authority's financial position or results of operations.

NOTE 10 – CASH RESERVE FUNDS

The Authority has designated three cash reserve funds as follows:

Safe Harbor Lease Reserve

The Authority maintains a reserve fund consisting of proceeds from the sale of federal income tax benefits under the safe harbor lease provisions of the Tax Equity and Fiscal Responsibility Act of 1982. The funds held are designated by the Authority's Board as a reserve against future unanticipated operating and capital funding shortfalls. As of June 30, 2026, this fund, including accrued interest, totaled $1,818,110.

Self-Insurance Reserve

The Authority is self-insured for public liability and property damage up to $250,000 for each occurrence. For workers' compensation claims, it is also self-insured up to $250,000 per occurrence. Claims in excess of this amount are insured. Refer to Note 8 for further description. The Authority has designated a cash reserve fund to cover anticipated liability and damage claims not covered by insurance. The Authority reserves for reported actual and estimated incurred claims. The reserve for public liability and property damage as of June 30, 2026, totaled $909,956, and for workers' compensation totaled $3,098,457.

Operating and Capital Reserve

In April 2024, the Board of Directors amended the Authority's Reserve Policy. Prior to this revision, the Authority's reserve funds were composed of TDA funds that were allocated to the Authority but not claimed in the same fiscal year of allocation. These funds are reserved and held by the MTC as required under TDA statutes. With the revised policy, the Authority now calculates amounts earned from discretionary revenue sources (i.e., advertising revenue, unallocated interest income). The discretionary funds are calculated at fiscal year end and are held by the Authority. Together, these two types of funds comprise the Operating and Capital Reserve. Since the discretionary revenue is held by the Authority, the funds are reflected in the financial statements as a portion of the unrestricted net position. The discretionary portion of the Operating and Capital Reserve as of June 30, 2026, totaled $4,253,267.

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

A. General Information about the OPEB Plan

Plan Description

The Authority's Healthcare Insurance Benefits Program is a single-employer defined benefit postemployment healthcare plan in which retirees are eligible to participate. Benefits are provided through CalPERS Health Benefits Program for all administrative employees, transit operators, and transit supervisors. Benefits continue to the surviving spouses if this election is made by the employee at enrollment. The plan is administered through the Public Agency Retirement Services (PARS) irrevocable trust, which meets the criteria in paragraph 4 of GASB Statement No. 75. The Board of Directors has the authority to establish and amend benefit terms. The trust does not issue a separate financial report.

Benefits Provided

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

The Authority pays a portion of the cost of health insurance for retirees under any group plan offered by CalPERS, subject to certain restrictions as determined by the Authority.

Employees Covered by Benefit Terms

As of the June 30, 2025 actuarial valuation, the following employees were covered by the benefit terms of the OPEB Plan:

Active plan members	206
Inactive plan members currently receiving benefits	70
Inactive plan members entitled to but not receiving benefits	130
Total	406

Contributions

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

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

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

B. Net OPEB Liability

The Authority's net OPEB liability was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2025.

Actuarial Assumptions

The total OPEB liability in the June 30, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

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

B. Net OPEB Liability (Continued)

Actuarial Assumptions (Continued)

Measurement Date	June 30, 2025
Valuation Date	June 30, 2025
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Long-Term Return on Assets	5.50%
Discount Rate	5.50%
Participants Valued	Only current active employees, retired participants, and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.00% per year, used only to allocate the cost of benefits between service years and to develop the UAAL amortization of the Actuarially Determined Contributions.
Assumed Increase for Amortization Payments	3.0% per year where determined on a percent of pay basis
General Inflation Rate	2.50% per year
Mortality	MacLeod Watts Scale 2022 applied generationally from 2017.
Healthcare Trend	Medical plan premiums and claims costs by age are assumed to increase once each year. The increases over the prior year's level are assumed to be effective on the dates shown below. The required PEMHCA minimum employer contribution (MEC) is assumed to increase by 4.0% annually.

The assumed increases in medical plan premiums, by effective date, are as follows:

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%

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. Mortality rates used were the CalPERS published rates.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined by analyzing the expected returns, risk, and correlations of each major asset class to produce the portfolio's long-term expected geometric rate of return over 5-year and 30-year horizons, adjusted to align with the 2.50% general inflation assumption.

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

B. Net OPEB Liability (Continued)

Long-Term Expected Rate of Return (Continued)

The target allocation and best estimates of geometric rates of return for each major asset class are summarized in the following table:

Asset Class	Moderately Conservative Allocation	Expected Returns Years 1-5	Expected Returns Years 1-30
US Large Cap Equity	17.10%	7.00%	7.20%
US Small Cap Equity	0.90%	7.90%	7.90%
Int'l. Developed Equity	6.80%	6.90%	6.90%
Emerging Markets Equity	2.30%	7.40%	7.40%
REITs	1.50%	7.20%	7.00%
Listed Infrastructure	1.50%	6.80%	7.40%
Core Bonds	63.00%	4.50%	5.00%
High Yield	5.00%	6.00%	6.10%
Cash	2.00%	3.30%	2.90%
Total*	100%		

* Total may not foot due to rounding

Annual Money-Weighted Return

For the fiscal year ended June 30, 2026, the annual money-weighted rate of return on investments, net of investment expenses, was 9.58%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total OPEB liability was 5.50%. The projection of cash flows used to determine the discount rate assumed that the Authority contribution will be made at rates equal to the ADC rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

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

B. Net OPEB Liability (Continued)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2024 (Measurement Date)	$ 7,801,554	$ 5,653,654	$ 2,147,900
Changes in the Year:			
Service Cost	310,190	-	310,190
Interest	433,978	-	433,978
Expected Investment Income	-	315,412	(315,412)
CCCTA Contributions	-	604,692	(604,692)
Benefit Payments	(442,472)	(442,472)	-
Assumption Changes	188,497	-	188,497
Plan Experience	(910,479)	-	(910,479)
Investment Experience	-	195,222	(195,222)
Net Changes	(420,286)	672,854	(1,093,140)
Balance at June 30, 2025 (Measurement Date)	$ 7,381,268	$ 6,326,508	$ 1,054,760

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

The net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.50%) or one percentage point higher (6.50%), follows:

	1% Decrease 4.50%	Discount Rate 5.50%	1% Increase 6.50%
Net OPEB Liability	$ 1,815,410	$ 1,054,760	$ 406,319

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

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

	1% Decrease 5.50% Decreasing to 2.90%	Current Trend Rate 6.50% Decreasing to 3.90%	1% Increase 7.50% Decreasing to 4.90%
Net OPEB Liability	$ 645,093	$ 1,054,760	$ 1,627,225

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

B. Net OPEB Liability (Continued)

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

For the fiscal year ended June 30, 2026, the Authority recognized OPEB expense of $77,251. Contributions of $621,362 include an implicit subsidy of $141,390 that is reported in salaries and benefits; accordingly, the OPEB adjustment reported in the Statement of Revenues, Expenses, and Changes in Net Position is $(402,721). At June 30, 2026, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	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
Contributions Made Subsequent to the Measurement Date	621,362	-
Total	$ 879,347	$ 1,707,530

The $621,362 reported as a deferred outflow of resources related to contributions subsequent to the June 30, 2025 measurement date will be recognized as a reduction to the net OPEB liability during the fiscal year ended June 30, 2027.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB are recognized over the expected average remaining service life of 6.92 years, except for investment amounts, which are recognized over five years, and will be recognized in OPEB expense as follows:

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)
Total	$ (1,449,545)

Changes After the Measurement Date

On July 17, 2025, the Authority adopted changes to its retiree medical benefits, effective January 1, 2026, to provide consistent contribution caps across all employee groups. Because the change was adopted after the June 30, 2025, measurement date, it is not reflected in the net OPEB liability reported at June 30, 2026. The Authority's actuary estimates the change will increase the total OPEB liability by approximately $295,000, which will be recognized in the fiscal year ending June 30, 2027.

NOTE 12 – CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the fiscal year ended June 30, 2026, follows:

	Balance June 30, 2025	Additions	Deductions	Balance June 30, 2026	Due Within One Year
Self-Insurance Liabilities	$ 3,174,661	$ 1,787,092	$ 953,340	$ 4,008,413	$ 1,208,607
Compensated Absences	2,771,203	2,286,166	2,029,568	3,027,801	2,035,636
SBITA Liability	583,351	-	583,351	-	-
Totals	$ 6,529,215	$ 4,073,258	$ 3,566,259	$ 7,036,214	$ 3,244,243

Changes in the net pension liability and net OPEB liability are presented in Notes 7 and 11, respectively.

NOTE 13 – TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS

The Authority received TDA funds under Articles 4 and 4.5 (two subsections: 99260(a) and 99275) of the California Public Utilities Code for the fiscal year ended June 30, 2026. TDA funds received pursuant to these Sections of the California Public Utilities Code may be used for public transportation services and community transit services, respectively. According to the underlying TDA allocation instructions issued by the MTC, eligible costs must be incurred on or before June 30 of the fiscal year for which funds are allocated. Unused portions must revert to the County's Local Transportation Fund (LTF).

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

	2026
LTF Allocations for Public Transportation Services:	
99260(a)	$ 27,877,901
Less: applicable expenses	(25,664,937)
Unused portion to revert to (balance due to) the County's LTF (Current Year)	2,212,964
Prior year unused portion not returned	11,005,532
Total Unused Portion to Revert Back to the County's LTF	13,218,496
LTF Allocations for Community Transit Services:	
99275 and 99260(a)	1,087,356
Less: applicable expenses	(1,087,356)
Unused portion to revert to the County's LTF	-
Total Due Back to the County's LTF	$ 13,218,496

NOTE 14 – EMPLOYEE BENEFITS – DEFERRED COMPENSATION PLAN

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

NOTE 14 – EMPLOYEE BENEFITS – DEFERRED COMPENSATION PLAN (Continued)

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

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

NOTE 15 – SUBSCRIPTIONS

In fiscal year 2025, the Authority recorded two multi-year SBITAs with Swiftly for real-time passenger information and on-time performance software. During fiscal year 2026, the Authority signed a new agreement with Swiftly that replaced both prior agreements. The new agreement has a 12-month term and renews annually unless either party gives notice of nonrenewal; therefore, it is a short-term SBITA and payments are expensed as incurred. The prior SBITAs were accounted for as terminations as of August 1, 2025. The remaining subscription assets and liabilities were removed, resulting in a net gain of $1,452, reported as nonoperating revenue. As of June 30, 2026, the Authority had no SBITA assets or liabilities.

NOTE 16 – RESTATEMENT

During the fiscal year ended June 30, 2026, the Authority identified errors in its previously issued financial statements. The Authority's Section 115 pension trust, established with PARS in fiscal year 2024, had not been reported in the Authority's financial statements; contributions to the trust had instead been included in deferred outflows of resources for pension contributions and subsequently recognized as pension expense, and the trust's investment earnings had not been recorded. In addition, deferred outflows of resources for pension contributions included employer-paid member contributions and other payments that were not credited by CalPERS as employer contributions. The errors were corrected by restating net position as of June 30, 2025, and the summarized comparative information for the fiscal year ended June 30, 2025, as follows:

Net position, July 1, 2024, as previously reported	$ 42,272,501
Section 115 pension trust investments not previously reported	1,072,358
Pension deferred outflows of resources not credited by CalPERS	(1,362,753)
Net position, July 1, 2024, as restated	$ 41,982,106
Net position, June 30, 2025, as previously reported	$ 36,204,396
Section 115 pension trust investments not previously reported	1,699,084
Pension deferred outflows of resources not credited by CalPERS	(865,579)
Net position, June 30, 2025, as restated	$ 37,037,901
Change in net position, fiscal year 2025, as previously reported	$ (6,068,105)
Defined benefit pension adjustment and salaries and benefits	992,210
Section 115 pension trust investment earnings	131,690
Change in net position, fiscal year 2025, as restated	$ (4,944,205)

NOTE 16 – RESTATEMENT (Continued)

The correction reduced net position as of July 1, 2024, by $290,395, from $42,272,501 to $41,982,106, consisting of trust investments of $1,072,358, less deferred outflows of resources of $1,362,753. The correction also reduced the previously reported decrease in net position for the fiscal year ended June 30, 2025, from $6,068,105 to $4,944,205, consisting of decreases of $497,175 in the defined benefit pension adjustment and $495,035 in salaries and benefits for the fiscal year 2025 trust deposit, and $131,690 of investment earnings on the Section 115 pension trust.

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REQUIRED SUPPLEMENTARY INFORMATION

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CENTRAL CONTRA COSTA TRANSIT AUTHORITY
AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS
AS OF JUNE 30, 2026
LAST 10 FISCAL YEARS

Measurement Period	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
Total Pension Liability					
Service Cost	$ 3,024,244	$ 2,820,947	$ 2,570,696	$ 2,497,734	$ 2,318,458
Interest on Total Pension Liability	8,808,892	8,491,268	8,203,042	7,777,960	7,595,094
Changes of Benefit Terms	-	-	162,920	-	-
Changes of Assumptions	-	-	-	2,290,688	-
Differences between Expected and Actual Experience	(467,660)	(758,836)	1,300,110	(596,908)	(772,818)
Benefit Payments, Including Refunds of Employee Contributions	(6,427,864)	(6,258,013)	(5,667,688)	(5,561,530)	(4,834,432)
Net Change in Total Pension Liability	4,937,612	4,295,366	6,569,080	6,407,944	4,306,302
Total Pension Liability - Beginning	129,834,582	125,539,216	118,970,136	112,562,192	108,255,890
Total Pension Liability - Ending (a)	$ 134,772,194	$ 129,834,582	$ 125,539,216	$ 118,970,136	$ 112,562,192
Plan Fiduciary Net Position					
Contributions - Employer	$ 2,197,842	$ 1,634,372	$ 2,274,647	$ 2,030,958	$ 1,799,854
Contributions - Employee[1]	1,329,738	1,263,664	1,159,332	1,046,873	1,025,749
Net Investment Income (Loss)	13,908,519	10,186,967	6,363,617	(8,496,317)	21,410,686
Benefit Payments, Including Refunds of Employee Contributions	(6,427,864)	(6,258,013)	(5,667,688)	(5,561,530)	(4,834,432)
Administrative Expenses	(82,452)	(88,404)	(76,912)	(72,039)	(96,236)
Other Miscellaneous Income/(Expense)[2]	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	10,925,783	6,738,586	4,052,996	(11,052,055)	19,305,621
Plan Fiduciary Net Position - Beginning[3]	115,383,189	108,644,603	104,591,607	115,643,662	96,338,041
Plan Fiduciary Net Position - Ending (b)	$ 126,308,972	$ 115,383,189	$ 108,644,603	$ 104,591,607	$ 115,643,662
Net Pension Liability (Asset) [(a) - (b)]	$ 8,463,222	$ 14,451,393	$ 16,894,613	$ 14,378,529	$ (3,081,470)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.72%	88.87%	86.54%	87.91%	102.74%
Covered Payroll[4]	$ 17,271,524	$ 16,410,397	$ 15,166,349	$ 14,727,203	$ 14,890,548
Net Pension Liability (Asset) as a Percentage of Covered Payroll	49.00%	88.06%	111.40%	97.63%	-20.69%

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CENTRAL CONTRA COSTA TRANSIT AUTHORITY
AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS (Continued)
AS OF JUNE 30, 2026
LAST 10 FISCAL YEARS

Measurement Period	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Total Pension Liability					
Service Cost	$ 2,334,896	$ 2,340,898	$ 2,257,838	$ 2,337,306	$ 1,945,766
Interest on Total Pension Liability	7,294,049	6,932,405	6,570,234	6,322,423	6,022,970
Changes of Benefit Terms	-	-	-	-	-
Changes of Assumptions	-	-	(660,476)	5,271,395	-
Differences between Expected and Actual Experience	(68,868)	25,006	(932,669)	(516,597)	(800,944)
Benefit Payments, Including Refunds of Employee Contributions	(4,440,542)	(3,846,430)	(3,812,132)	(3,309,790)	(3,141,095)
Net Change in Total Pension Liability	5,119,535	5,451,879	3,422,795	10,104,737	4,026,697
Total Pension Liability - Beginning	103,136,355	97,684,476	94,261,681	84,156,944	80,130,247
Total Pension Liability - Ending (a)	$ 108,255,890	$ 103,136,355	$ 97,684,476	$ 94,261,681	$ 84,156,944
Plan Fiduciary Net Position					
Contributions - Employer	$ 1,590,639	$ 1,424,384	$ 1,158,215	$ 1,070,201	$ 1,272,683
Contributions - Employee[1]	1,098,782	1,046,359	1,056,886	997,470	997,866
Net Investment Income (Loss)	4,664,610	5,804,423	6,979,197	8,507,531	460,130
Benefit Payments, Including Refunds of Employee Contributions	(4,440,542)	(3,846,430)	(3,812,132)	(3,309,790)	(3,141,095)
Administrative Expenses	(131,892)	(63,649)	(131,190)	(113,741)	(47,229)
Other Miscellaneous Income/(Expense)[2]	-	207	(249,340)	-	-
Net Change in Plan Fiduciary Net Position	2,781,597	4,365,294	5,001,636	7,151,671	(457,645)
Plan Fiduciary Net Position - Beginning[3]	93,556,444	89,191,150	84,189,514	77,037,843	77,495,488
Plan Fiduciary Net Position - Ending (b)	$ 96,338,041	$ 93,556,444	$ 89,191,150	$ 84,189,514	$ 77,037,843
Net Pension Liability (Asset) [(a) - (b)]	$ 11,917,849	$ 9,579,911	$ 8,493,326	$ 10,072,167	$ 7,119,101
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.99%	90.71%	91.31%	89.31%	91.54%
Covered Payroll[4]	$ 15,073,568	$ 15,239,229	$ 14,673,672	$ 14,786,527	$ 13,915,228
Net Pension Liability (Asset) as a Percentage of Covered Payroll	79.06%	62.86%	57.88%	68.12%	51.16%

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS (Continued)
AS OF JUNE 30, 2026
LAST 10 FISCAL YEARS

Notes to Schedule

(1) Employee contributions include amounts paid by the Authority on behalf of employees, classified as employee contributions in accordance with GASB Statement No. 82.

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

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

(3) Includes any beginning of year adjustment.

(4) Covered Payroll represented above is based on pensionable earnings provided by the employer. Payroll was assumed to increase using 2.80% payroll growth assumption for fiscal years ended June 30, 2022, 2023, 2024, 2025; 2.75% payroll growth assumption for fiscal years ended June 30, 2018, 2019, 2020, and 2021; 3.00% payroll growth assumption for fiscal years ended June 30, 2015, 2016, and 2017.

Benefit Changes

There were no benefit changes in 2025. Effective with the June 30, 2022 valuation date (2023 measurement date), the figures generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures, unless the liability impact is deemed to be material by the plan actuary.

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

Changes of Assumptions

There were no assumption changes in 2023 through 2025. Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 6.90% for measurement dates 2022 through 2025, 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

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CENTRAL CONTRA COSTA TRANSIT AUTHORITY
AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF INVESTMENT RETURNS – PENSION
AS OF JUNE 30, 2026
LAST 10 MEASUREMENT PERIODS

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
Annual Money-Weighted Rate of Return, Net of Investment Expense	12.1%	9.5%	6.1%	-7.5%	22.4%

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Annual Money-Weighted Rate of Return, Net of Investment Expense	5.0%	6.5%	8.4%	11.2%	0.5%

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CENTRAL CONTRA COSTA TRANSIT AUTHORITY
AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CONTRIBUTIONS – PENSION
AS OF JUNE 30, 2026
LAST 10 FISCAL YEARS

Fiscal Year Ended June 30	2026	2025	2024	2023	2022
Actuarially Determined Contributions	$ 2,528,088	$ 2,197,842	$ 1,634,372	$ 2,274,647	$ 2,030,958
Contributions in Relation to the Actuarially Determined Contributions	(2,528,088)	(2,197,842)	(1,634,372)	(2,274,647)	(2,030,958)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll[1]	$ 18,242,325	$ 17,271,524	$ 16,410,397	$ 15,166,349	$ 14,727,203
Contributions as a Percentage of Covered Payroll	13.86%	12.73%	9.96%	15.00%	13.79%

Fiscal Year Ended June 30	2021	2020	2019	2018	2017
Actuarially Determined Contributions	$ 1,799,854	$ 1,590,639	$ 1,424,384	$ 1,158,215	$ 1,070,201
Contributions in Relation to the Actuarially Determined Contributions	(1,799,854)	(1,590,639)	(1,424,384)	(1,158,215)	(1,070,201)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll[1]	$ 14,890,548	$ 15,073,568	$ 15,239,229	$ 14,673,672	$ 14,786,527
Contributions as a Percentage of Covered Payroll	12.09%	10.55%	9.35%	7.89%	7.24%

Notes to Schedule:

(1) Covered Payroll represented above is based on pensionable earnings provided by the employer. Payroll was assumed to increase using 2.80% payroll growth assumption for fiscal years ended June 30, 2022, 2023, 2024, 2025, and 2026; 2.75% payroll growth assumption for fiscal years ended June 30, 2018, 2019, 2020, and 2021; 3.00% payroll growth assumption for fiscal year ended June 30, 2017.

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CENTRAL CONTRA COSTA TRANSIT AUTHORITY
AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CONTRIBUTIONS – PENSION (Continued)
AS OF JUNE 30, 2026
LAST 10 FISCAL YEARS

The actuarial methods and assumptions used to set the actuarially determined contributions for the Authority's fiscal year ending June 30, 2026, were derived from the June 30, 2023 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll
Asset valuation method	Fair Value of Assets. CalPERS employs a policy that amortizes all gains and losses over a fixed 30-year period. The increase or decrease in the rate is then spread directly over a 5-year period. This method is referred to as "direct rate smoothing."
Inflation	2.30%
Projected salary increases	Varies by entry age and service.
Payroll growth	2.80%
Investment rate of return	6.80% (Net of Pension Plan Investment and Administrative Expenses; includes Inflation)
Retirement age	The probabilities of retirement are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.
Mortality	The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

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CENTRAL CONTRA COSTA TRANSIT AUTHORITY
SINGLE-EMPLOYER DEFINED BENEFIT PLAN
SCHEDULE OF CHANGES IN THE NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY AND RELATED RATIOS
AS OF JUNE 30, 2026
LAST 10 FISCAL YEARS*

Measurement Period	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022
Total OPEB Liability				
Service Cost	$ 310,190	$ 348,618	$ 323,596	$ 314,171
Interest on the Total OPEB Liability	433,978	387,989	406,796	390,857
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	(910,479)	-	(21,120)	-
Changes in Assumptions	188,497	(655,123)	(671,836)	-
Benefit Payments	(442,472)	(372,774)	(370,232)	(387,567)
Net Change in Total OPEB Liability	(420,286)	(291,290)	(332,796)	317,461
Total OPEB Liability - Beginning	7,801,554	8,092,844	8,425,640	8,108,179
Total OPEB Liability - Ending (a)	$ 7,381,268	$ 7,801,554	$ 8,092,844	$ 8,425,640
OPEB Plan Fiduciary Net Position				
Net Investment Income (Loss)	$ 510,634	$ 335,947	$ 157,059	$ (567,544)
Contributions - Employer	604,692	588,070	532,189	563,588
Benefit Payments	(442,472)	(372,774)	(370,232)	(387,567)
Administrative Expenses	-	-	-	-
Net Change in OPEB Plan Fiduciary Net Position	672,854	551,243	319,016	(391,523)
OPEB Plan Fiduciary Net Position - Beginning	5,653,654	5,102,411	4,783,395	5,174,918
OPEB Plan Fiduciary Net Position - Ending (b)	$ 6,326,508	$ 5,653,654	$ 5,102,411	$ 4,783,395
Net OPEB Liability [(a) - (b)]	$ 1,054,760	$ 2,147,900	$ 2,990,433	$ 3,642,245
OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	85.71%	72.47%	63.05%	56.77%
Covered Payroll	$ 17,414,122	$ 16,804,066	$ 15,867,493	$ 15,287,627
Net OPEB Liability as a Percentage of Covered Payroll	6.06%	12.78%	18.85%	23.82%

Notes to Schedule:

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

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CENTRAL CONTRA COSTA TRANSIT AUTHORITY
SINGLE-EMPLOYER DEFINED BENEFIT PLAN
SCHEDULE OF CHANGES IN THE NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY AND RELATED RATIOS (Continued)
AS OF JUNE 30, 2026
LAST 10 FISCAL YEARS*

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

Notes to Schedule:

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

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CENTRAL CONTRA COSTA TRANSIT AUTHORITY
SINGLE-EMPLOYER DEFINED BENEFIT PLAN
SCHEDULE OF INVESTMENT RETURNS – OPEB
AS OF JUNE 30, 2026
LAST 10 YEARS*

	June 30, 2026	June 30, 2025	June 30, 2024	June 30, 2023
Annual Money-Weighted Rate of Return, Net of Investment Expense	9.58%	9.60%	7.13%	4.05%

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Annual Money-Weighted Rate of Return, Net of Investment Expense	-10.42%	11.76%	6.23%	7.16%	9.38%

Notes to Schedule:

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

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CENTRAL CONTRA COSTA TRANSIT AUTHORITY
SINGLE-EMPLOYER DEFINED BENEFIT PLAN
SCHEDULE OF CONTRIBUTIONS – OPEB
AS OF JUNE 30, 2026
LAST 10 FISCAL YEARS*

Fiscal Year Ended June 30	2026	2025	2024	2023
Actuarially Determined Contributions	$ 621,288	$ 603,192	$ 585,624	$ 530,899
Contributions in Relation to the Actuarially Determined Contributions	(621,362)	(604,692)	(588,070)	(532,189)
Contribution Deficiency (Excess)	$ (74)	$ (1,500)	$ (2,446)	$ (1,290)
Covered Payroll	$ 18,809,069	$ 17,414,122	$ 16,804,066	$ 15,867,493
Contributions as a Percentage of Covered Payroll	3.30%	3.47%	3.50%	3.35%

Fiscal Year Ended June 30	2022	2021	2020	2019	2018
Actuarially Determined Contributions	$ 561,678	$ 545,410	$ 529,577	$ 606,839	$ 588,345
Contributions in Relation to the Actuarially Determined Contributions	(563,588)	(546,415)	(529,577)	(606,839)	(588,345)
Contribution Deficiency (Excess)	$ (1,910)	$ (1,005)	$ -	$ -	$ -
Covered Payroll	$ 15,287,627	$ 14,326,765	$ 15,543,046	$ 15,503,972	$ 14,836,604
Contributions as a Percentage of Covered Payroll	3.69%	3.81%	3.41%	3.91%	3.97%

CENTRAL CONTRA COSTA TRANSIT AUTHORITY
SINGLE-EMPLOYER DEFINED BENEFIT PLAN
SCHEDULE OF CONTRIBUTIONS – OPEB (Continued)
AS OF JUNE 30, 2026
LAST 10 FISCAL YEARS*

Notes to Schedule:

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

The actuarial methods and assumptions used to set the actuarially determined contributions for the Authority's fiscal year ending June 30, 2026, were derived from the June 30, 2023 actuarial valuation report.

Methods and assumptions used to determine contribution rates:

Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Long-Term Return on Assets	4.70%
Discount Rate	4.70%
Amortization Method	Level percent of pay, 14 years
Participants Valued	Only current active employees, retired participants, and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.00% per year, used only to allocate the cost of benefits between service years and to develop the UAAL amortization of the Actuarially Determined Contributions.
Assumed Increase for Amortization Payments	3.0% per year where determined on a percent of pay basis
General Inflation Rate	2.50% per year
Healthcare Trend	6.5% in 2025, grading down to 3.9% by 2075

Demographic actuarial assumptions used in this valuation are based on the 2021 Experience Study of CalPERS, except for a different basis used to project future mortality improvements. The representative mortality rates were the published CalPERS rates.

Mortality — MacLeod Watts Scale 2022 applied generationally from 2017.

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SUPPLEMENTARY INFORMATION AND OTHER REPORTS

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CENTRAL CONTRA COSTA TRANSIT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Federal Grantor/Project Number/Program Title	Assistance Listing Number	Identification Number	Passed-Through To Subrecipients	Grant Expenditures
U.S. Department of Transportation / Federal Transit Administration (FTA)				
Federal Transit Cluster				
Direct:				
Formula Grants:				
FY23 5307 TPI Transit Corridors Study	20.507	CA-2024-144-00	$ -	$ 120,481
FY24 5307 Formula Grant for Paratransit Operations	20.507	CA-2025-142-00	-	1,642,987
Total Direct			-	1,763,468
Indirect:				
Passed Through Metropolitan Transportation Commission				
FTA FY15 Section 5339 Bus and Bus Facilities	20.526	CA-34-0032	-	163,003
Total Indirect			-	163,003
Total Federal Transit Cluster			-	1,926,471
Total U.S. Department of Transportation / FTA			-	1,926,471
Total Expenditures of Federal Awards			$ -	$ 1,926,471

See accompanying notes to schedule of expenditures of federal awards.

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CENTRAL CONTRA COSTA TRANSIT AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal financial assistance programs of Central Contra Costa Transit Authority (the Authority). Federal financial assistance received directly from the Federal Transit Administration (FTA) and passed through the Metropolitan Transportation Commission (MTC) is included on the SEFA.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying SEFA has been prepared on the accrual basis of accounting. Federal capital grant funds are used to purchase property, plant, and equipment. Federal grants receivable are included in capital and operating grants receivable, which also includes receivables from state and local grant sources. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE 3 – INDIRECT COST RATE

The Authority did not elect to use the 15 percent de minimis indirect cost rate as covered in 2 CFR §200.414.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of Central Contra Costa Transit Authority (the Authority) as of and for the fiscal year ended June 30, 2026, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated _____, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify a certain deficiency in internal control that we consider to be a material weakness. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2026-001 to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Authority's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Stockton, California
_____, 2026

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance with Transportation Development Act Requirements

Opinion on Compliance

We have audited Central Contra Costa Transit Authority's (the Authority) compliance with the Transportation Development Act (TDA) requirements that funds allocated to and received by the Authority were expended in conformance with applicable statutes, rules, and regulations of the TDA and the allocation instructions and resolutions of the Metropolitan Transportation Commission (MTC), as required by Section 6667 of Title 21, Division 3, Chapter 2, Article 5.5 of the California Code of Regulations (Section 6667), for the fiscal year ended June 30, 2026.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above for the fiscal year ended June 30, 2026.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the TDA requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with those requirements.

Auditor's Responsibilities for the Audit of Compliance

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

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

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

Section 6667 requires that, for a transit claimant, the independent auditor perform at least the following tasks:

(a) Determine whether the claimant was an entity eligible to receive the funds allocated to it;
(b) Determine whether the claimant is maintaining its accounts and records on an enterprise fund basis and is otherwise in compliance with the uniform system of accounts and records adopted by the State Controller, pursuant to Public Utilities Code Section 99234;
(c) Determine whether the funds received by the claimant pursuant to the TDA were expended in conformance with those sections of the TDA specifying the qualifying purposes, including Public Utilities Code Sections 99262 and 99263 for operators receiving funds under Article 4; Sections 99275, 99275.5, and 99277 for Article 4.5 claimants; Section 99400(c), (d), and (e) for Article 8 claimants for service provided under contract; and Section 99405(d) for transportation services provided by cities and counties with populations of less than 5,000;
(d) Determine whether the funds received by the claimant pursuant to the TDA were expended in conformance with the applicable rules, regulations, and procedures of the transportation planning agency and in compliance with the allocation instructions and resolutions;
(e) Determine whether interest earned on funds received by the claimant, pursuant to the TDA, were expended only for those purposes for which the funds were allocated in accordance with Public Utilities Code Sections 99234.1, 99301, 99301.5, and 99301.6;
(f) Verify the amount of the claimant's operating cost for the fiscal year, the amount of fare revenues required to meet the ratios specified in Sections 6633.2 and 6633.5, and the amount of the sum of fare revenues and local support required to meet the ratios specified in Section 6633.2;
(g) Verify the amount of the claimant's actual fare revenues for the fiscal year;
(h) Verify the amount of the claimant's actual local support for the fiscal year;
(i) Verify the amount the claimant was eligible to receive under the TDA during the fiscal year in accordance with Sections 6634 and 6649;
(j) Verify, if applicable, the amount of the operator's expenditure limitation in accordance with Section 6633.1;
(k) In the case of an operator, determine whether the operator's employee retirement system or private pension plan is in conformance with the provisions of Public Utilities Code Sections 99271, 99272, and 99273;

(l) In the case of an operator, determine whether the operator has had a certification by the Department of the California Highway Patrol verifying that the operator is in compliance with Section 1808.1 of the Vehicle Code, as required in Public Utilities Code Section 99251;
(m) In the case of an operator, verify, if applicable, its State Transit Assistance eligibility pursuant to Public Utilities Code Section 99314.6 or 99314.7; and
(n) In the case of a claimant for community transit services, determine whether it is in compliance with Public Utilities Code Sections 99155 and 99155.5.

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Section 6667. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Stockton, California
_____, 2026

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Central Contra Costa Transit Authority's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the fiscal year ended June 30, 2026. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2026.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Stockton, California
_____, 2026

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STATISTICAL SECTION

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CENTRAL CONTRA COSTA TRANSIT AUTHORITY
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
JUNE 30, 2026
LAST 10 FISCAL YEARS

	2026	2025 As Restated	2024 As Restated	2023	2022	2021	2020	2019	2018 As Restated	2017
Operating Revenues										
Passenger fares	$ 3,612,625	$ 3,638,252	$ 3,489,447	$ 3,179,075	$ 2,217,862	$ 1,348,037	$ 3,043,712	$ 3,383,189	$ 3,221,580	$ 3,275,964
Special transit fees	3,800,158	3,343,424	3,294,113	2,377,427	1,620,037	350,308	1,652,117	1,833,494	1,635,867	1,480,747
Advertising and other revenue	261,022	436,755	425,620	409,259	369,799	180,240	558,376	720,661	723,708	691,958
Total Operating Revenues	7,673,805	7,418,431	7,209,180	5,965,761	4,207,698	1,878,585	5,254,205	5,937,344	5,581,155	5,448,669
Operating Expenses										
Salaries and benefits	31,421,918	29,383,756	28,690,441	26,144,670	24,816,193	24,128,547	25,322,594	25,441,759	24,101,090	23,779,117
Materials and supplies	3,776,962	3,149,763	3,414,796	3,580,623	3,342,724	2,289,007	2,468,857	2,777,883	2,529,044	2,118,404
Services	2,931,640	2,502,507	2,936,310	2,436,795	2,130,814	1,746,263	1,869,379	1,933,459	1,744,973	1,751,238
Purchased transportation	11,571,981	11,340,869	9,910,865	7,912,505	7,181,927	6,072,093	6,544,224	6,211,639	5,561,256	5,309,756
Insurance	1,801,881	1,423,589	1,154,391	909,275	802,032	957,458	790,287	763,534	722,556	676,984
Other	302,528	261,335	236,763	735,759	180,176	73,552	147,590	189,045	202,460	210,422
Utilities	557,562	550,716	466,091	406,341	389,068	348,434	365,131	366,642	356,151	320,063
Taxes	429,826	364,931	379,051	340,748	415,987	228,805	237,192	217,950	226,116	184,435
Leases and rentals	115,885	59,467	72,266	52,866	57,332	60,409	60,444	53,508	42,499	48,466
Defined benefit pension adjustment	(845,518)	1,543,466	1,758,323	(717)	(3,486,207)	1,445,493	2,120,710	642,776	1,807,421	(17,761)
Other postemployment benefits (OPEB) adjustment	(402,721)	(96,834)	(534,729)	(422,902)	(581,142)	(554,446)	(461,471)	(376,320)	(224,832)	-
Depreciation/amortization	6,751,216	7,139,302	6,515,348	6,730,962	7,123,208	7,197,115	7,499,707	7,511,790	6,186,320	5,363,010
Total Operating Expenses	58,413,160	57,622,867	54,999,916	48,826,925	42,372,112	43,992,730	46,964,644	45,733,665	43,255,054	39,744,134
Operating Loss	(50,739,355)	(50,204,436)	(47,790,736)	(42,861,164)	(38,164,414)	(42,114,145)	(41,710,439)	(39,796,321)	(37,673,899)	(34,295,465)
Noncapital Subsidies										
Federal operating assistance [b]	1,763,468	1,756,980	5,582,329	8,342,650	9,247,548	2,371,121	8,339,542	1,703,403	1,655,674	1,002,950
State and local operating assistance	43,867,125	40,973,618	34,553,703	27,818,081	26,014,999	31,591,217	23,943,345	30,136,010	27,996,289	27,891,975
Total Noncapital Subsidies	45,630,593	42,730,598	40,136,032	36,160,731	35,262,547	33,962,338	32,282,887	31,839,413	29,651,963	28,894,925
Operating Loss and Noncapital Subsidies	(5,108,762)	(7,473,838)	(7,654,704)	(6,700,433)	(2,901,867)	(8,151,807)	(9,427,552)	(7,956,908)	(8,021,936)	(5,400,540)
Other Nonoperating Revenues and Expenses										
Investment income	1,322,356	1,578,781	1,101,117	393,095	(140,571)	36,814	268,607	253,675	118,161	38,789
Interest expense	(2,223)	(21,142)	-	-	-	-	-	-	-	-
Grants restricted for capital expenses	1,259,202	996,722	8,390,216	19,988,969	441,602	420,944	968,706	7,088,596	2,850,624	19,010,487
Gain (loss) on disposal of capital assets	5,178	(24,728)	199,800	102	(13,421)	26,883	-	(6,944)	211,840	14,479
Total Other Nonoperating Revenues and Expenses	2,584,513	2,529,633	9,691,133	20,382,166	287,610	484,641	1,237,313	7,335,327	3,180,625	19,063,755
Increase (Decrease) in Net Position	(2,524,249)	(4,944,205)	2,036,429	13,681,733	(2,614,257)	(7,667,166)	(8,190,239)	(621,581)	(4,841,311)	13,663,215
Restatement [a]	-	(290,395)	-	-	-	-	-	-	(5,971,222)	-
Beginning Net Position, as Restated	37,037,901	41,982,106	40,236,072	26,554,339	29,168,596	36,835,762	45,026,001	45,647,582	56,460,115	42,796,900
Ending Net Position	$34,513,652	$37,037,901	$42,272,501	$40,236,072	$26,554,339	$29,168,596	$36,835,762	$45,026,001	$45,647,582	$56,460,115

[a] The FY 2025 restatements were for the correction of errors related to the Section 115 pension trust and pension deferred outflows of resources (see Note 16); fiscal years prior to 2025 were not restated. The FY 2018 prior period adjustment was for the implementation of GASB Statement No. 75 for Other Postemployment Benefits. FY 2024 amounts were restated for the implementation of GASB Statement No. 101, Compensated Absences; the restatement had no effect on net position.

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

FINDINGS AND QUESTIONED COSTS SECTION

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CENTRAL CONTRA COSTA TRANSIT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Section I – Summary of Auditor's Results

A. Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

B. Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, under 2 CFR §200.516(a)?	No

C. Identification of Major Programs

Assistance Listing Numbers	Name of Federal Program or Cluster
20.507, 20.526	Federal Transit Cluster
Dollar threshold used to distinguish between Type A and Type B programs:	$1,000,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Audit Findings and Questioned Costs

Finding 2026-001 – Reconciliation of Pension Contributions, Deferred Outflows of Resources, and Section 115 Pension Trust

Type of Finding: Material Weakness in Internal Control Over Financial Reporting

Repeat Finding: No

Criteria:

Management is responsible for designing, implementing, and maintaining internal control over financial reporting that provides reasonable assurance that the financial statements are free from material misstatement, whether due to fraud or error. Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended, requires employer contributions made subsequent to the measurement date of the net pension liability and before the end of the reporting period to be reported as deferred outflows of resources. These amounts are recognized as a reduction of the net pension liability in the subsequent reporting period and should no longer remain in the deferred outflow balance for contributions subsequent to the measurement date. Under GASB Statement No. 82, *Pension Issues*, payments made by an employer to satisfy contribution requirements identified by the pension plan terms as member contribution requirements are classified as employee contributions and do not qualify for this deferral. In addition, the assets of the Authority's Section 115 pension trust do not meet the criteria in GASB Statement No. 68 for assets accumulated in a pension plan. Therefore, they are assets of the Authority and should be reported as restricted investments measured at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Contributions to the trust are not contributions to the pension plan, and the trust's investment earnings, including changes in fair value, should be recognized as investment income.

Condition:

During our audit, we noted that the Authority did not remove $1,170,016 of deferred outflows of resources for pension contributions reported at June 30, 2025, when recording its fiscal year 2026 pension accounting entries. In addition, the Authority improperly included $571,185 of fiscal year 2026 payments that were not credited by CalPERS as employer contributions, consisting primarily of $368,694 of employer-paid member contributions, in deferred outflows of resources for employer contributions subsequent to the measurement date. Audit adjustments totaling $1,741,201 were required and were recorded by management.

We also noted that the Authority's Section 115 pension trust, established with Public Agency Retirement Services (PARS) in fiscal year 2024, had not been recorded in the Authority's accounting records or in its previously issued financial statements. Contributions to the trust had been recorded as deferred outflows of resources for pension contributions and subsequently recognized as pension expense, or recorded in salaries and benefits, and the trust's investment earnings had not been recorded. Audit adjustments were required to record trust investments of $2,082,642 at June 30, 2026, including fiscal year 2026 contributions of $208,581 and investment earnings of $174,977, and to correct the prior-year errors described below.

Cause:

The Authority did not have procedures to reconcile and roll forward deferred outflows of resources for pension contributions, including removing prior-year contribution deferrals when recording the subsequent year's pension accounting entries and distinguishing employer contributions from employer-paid member contributions. In addition, the calculation and related journal entries were not reviewed by an individual other than the preparer. The Authority also did not have procedures to identify all accounts and investment arrangements held in its name, including the Section 115 pension trust, and to evaluate their accounting treatment before the related transactions were recorded.

Effect:

Before the audit adjustments, deferred outflows of resources were overstated and pension expense (reported as the defined benefit pension adjustment) was understated by $1,741,201 for the fiscal year ended June 30, 2026. This included $1,170,016 attributable to the failure to remove prior-year contribution deferrals and $571,185 attributable to the improper deferral of payments not credited by CalPERS as employer contributions, primarily employer-paid member contributions.

These errors also resulted in material misstatements of the Authority's previously issued financial statements. Net position as of June 30, 2025, was restated, increasing it by $833,505, to record Section 115 pension trust investments of $1,699,084 and remove $865,579 of deferred outflows of resources for pension contributions that did not qualify for deferral. Net position as of July 1, 2024, was restated, decreasing it by $290,395 (see Note 16).

Recommendation:

We recommend that the Authority establish written procedures to reconcile pension contributions recorded in the general ledger to payroll records, payment support, and CalPERS employer contribution records at least quarterly and at year-end. The reconciliation should separately identify employer normal cost contributions, unfunded accrued liability payments, employer-paid member contributions, and other pension-related payments, and document the resolution and accounting treatment of differences.

For the Section 115 pension trust, the Authority should obtain trust statements from PARS at least quarterly and reconcile them to the general ledger, recording contributions as restricted investments and investment earnings, including changes in fair value, as investment income. The Authority should also maintain an inventory of all bank, investment, and trust accounts held in its name, reconcile it to the general ledger at year-end, and evaluate the accounting treatment of new Board-approved financial arrangements before the first transaction is recorded.

As part of the year-end close, the Authority should prepare a roll forward of deferred outflows of resources related to contributions subsequent to the measurement date, supporting the eligibility and timing of current-year additions and the removal of prior-year amounts through the applicable pension accounting entries. A qualified individual other than the preparer should review and approve these reconciliations, roll forward, and related journal entries before the financial statements are finalized, with evidence of review retained.

Views of Responsible Officials and Planned Corrective Action:

[To be provided by management, including the planned corrective action, the responsible official's name and title, and the anticipated completion date.]

Section III – Federal Awards Findings and Questioned Costs

None.

Section IV – Summary of Prior Audit (June 30, 2025) Findings and Current Year Status

None.

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REQUIRED COMMUNICATION TO THE ADMINISTRATION AND FINANCE COMMITTEE AND BOARD OF DIRECTORS IN ACCORDANCE WITH PROFESSIONAL STANDARDS

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

We have audited the basic financial statements of Central Contra Costa Transit Authority (the Authority) for the fiscal year ended June 30, 2026. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards,* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 12, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the basic financial statements. As described in Note 1, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*, and GASB Statement No. 104, *Disclosure of Certain Capital Assets*, during the fiscal year ended June 30, 2026. Implementation of GASB Statement No. 103 was accounted for as a change in accounting principle in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*. Implementation changed the content of the MD&A and the classification and presentation of certain revenues and expenses in the Statement of Revenues, Expenses, and Changes in Net Position. Fiscal year 2025 comparative amounts were reclassified to conform to the current-year presentation, with no effect on beginning net position, change in net position, or ending net position for fiscal year 2025. Implementation of GASB Statement No. 104 resulted in additional capital asset disclosures in Note 5. Neither Statement had a material effect on the Authority's net position. As described in Note 16, net position as of June 30, 2025, was restated to correct errors related to the Authority's Section 115 pension trust, which had not been reported in the basic financial statements, and deferred outflows of resources for pension contributions that were not credited by CalPERS. Net position was increased by $833,505 as of June 30, 2025, and decreased by $290,395 as of July 1, 2024, and the fiscal year 2025 comparative amounts were restated accordingly. Except for changes resulting from implementation of these Statements, the Authority's significant accounting policies were applied consistently with the prior year. We noted no transactions entered into by the Authority during the fiscal year for which there is a lack of authoritative guidance or consensus. There were no significant unusual transactions identified as a result of our audit procedures. All significant transactions have been recognized in the basic financial statements in the proper period.

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

- *Estimated Useful Lives of Capital Assets and Subscription Assets* – Management estimates the lives of capital assets and intangible assets for purposes of calculating annual depreciation/amortization expense to be reported in the Authority's Statement of Revenues, Expenses, and Changes in Net Position. Estimated useful lives range from 9 to 13 years for revenue transit vehicles; 3 to 10 years for shop, office, other equipment, and service vehicles; and 30 years for buildings and structures. Subscription assets are intangible capital assets amortized on a straight-line basis over the subscription term; the Authority's subscription assets were removed upon termination of the SBITAs effective August 1, 2025.

- *Self-Insurance Liability* – This represents management's estimate of the liability for public liability claims and workers' compensation claims to be paid for which the Authority is self-insured, and includes management's estimate of the ultimate costs for both reported claims and claims incurred but not reported. The liability is based on actuarial studies and is presented at the 90% confidence level, discounted at an annual rate of 2.5%.

- *Net Pension Liability, Net Other Postemployment Benefits (OPEB) Liability, and Related Deferred Outflows and Deferred Inflows of Resources* – These are based on actuarial valuations, which involve estimates of the value of reported amounts and probabilities about the occurrence of future events far into the future. The related deferred outflows and deferred inflows of resources, and pension and OPEB expense, are derived from the same actuarial valuations.

- *Compensated Absences* – These are based on employee leave balances and historical usage rates in accordance with GASB Statement No. 101.

We evaluated the methods, assumptions, and data used to develop these estimates in determining that they are reasonable in relation to the basic financial statements taken as a whole.

Certain basic financial statement disclosures are particularly sensitive because of their significance to basic financial statement users. The most sensitive disclosures affecting the basic financial statements were the implementation of new accounting standards in Note 1, and the disclosures of cash, cash equivalents, and investments, including the Section 115 pension trust, capital assets and depreciation/amortization, the employees' retirement pension plan and the net pension liability, the risk management self-insurance liability, the OPEB plan and net OPEB liability, the changes in long-term liabilities, the subscription-based information technology arrangements, and the restatement of net position in Notes 2, 5, 7, 8, 11, 12, 15, and 16, respectively, of the basic financial statements.

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

Difficulties Encountered in Performing the Audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements
Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule summarizes the misstatements detected as a result of audit procedures that were corrected by management. There were no uncorrected misstatements. In addition, as described in Note 16, misstatements in the previously issued fiscal year 2025 basic financial statements were corrected by restating net position as of June 30, 2025.

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

Management Representations
We have requested certain representations from management that are included in the management representation letter dated _____, 2026.

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

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

In addition, during our audit we identified a deficiency in internal control over financial reporting related to the reconciliation, roll forward, and review of pension contributions and related deferred outflows of resources, and the reporting of the Authority's Section 115 pension trust, that we consider to be a material weakness. As described in Finding 2026-001 in the accompanying schedule of findings and questioned costs, the Authority did not remove $1,170,016 of prior-year contribution deferrals when recording its fiscal year 2026 pension accounting entries and improperly deferred $571,185 of fiscal year 2026 payments not credited by CalPERS as employer contributions, primarily employer-paid member contributions. Audit adjustments totaling $1,741,201 were recorded by management and are included in the attached schedule. In addition, the Authority's Section 115 pension trust, established with PARS to prefund pension costs, had not been recorded in the Authority's accounting records or previously issued financial statements. Audit adjustments were recorded by management to report trust investments of $2,082,642 at June 30, 2026, including fiscal year 2026 contributions of $208,581 and investment earnings of $174,978, and to correct the related prior-year errors through the restatement described in Note 16. The Authority lacked procedures to reconcile and roll forward these balances and to identify and evaluate the accounting for all investment arrangements held in its name, including the Section 115 pension trust, and the calculation and related journal entries were not reviewed by an individual other than the preparer. This matter is also reported in our report on internal control over financial reporting and on compliance and other matters based on an audit of basic financial statements performed in accordance with *Government Auditing Standards*.

Our report on the basic financial statements includes an emphasis-of-matter paragraph regarding the restatement of net position to correct errors in the previously issued financial statements, as described in Note 16 to the basic financial statements. Our opinion is not modified with respect to this matter.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis (MD&A), Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios, Schedule of Investment Returns – Pension, Schedule of Contributions – Pension, Schedule of Changes in the Net OPEB Liability and Related Ratios, Schedule of Investment Returns – OPEB, and Schedule of Contributions – OPEB, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and

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comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

With respect to the statistical section, which accompanies the basic financial statements but is not RSI, we read the information and considered whether a material inconsistency exists between it and the basic financial statements, or whether it otherwise appears to be materially misstated. Our opinion on the basic financial statements does not cover the statistical section, and we do not express an opinion or provide any form of assurance on it.

Restriction on Use

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Stockton, California
_____, 2026

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Client: CENTRAL CONTRA COSTA TRANSIT AUTHORITY
Report: Adjusting Journal Entries

Account	Description	Debit	Credit	Change in Net Position
1				
To correct the reversal of FY25 contributions subsequent to the measurement date that are reflected in the 6/30/25 measurement-date NPL.				
PERS_Retiree		$ 1,170,016	$ -	
	Deferred Outflow of Resources	-	1,170,016	
Total		**$ 1,170,016**	**$ 1,170,016**	**$ (1,170,016)**
2				
To remove from deferred outflows the FY 2026 PERS GL amounts not credited by CalPERS as employer contributions.				
PERS_Retiree		$ 571,185	$ -	
	Deferred Outflow of Resources	-	571,185	
Total		**$ 571,185**	**$ 571,185**	**$ (571,185)**
3				
To record the Section 115 pension trust held by PARS, restate beginning net position, reclassify the FY 2026 trust contribution from PERS fringe benefits, and record FY 2026 trust investment earnings.				
Section 115 Pension Trust		$ 1,699,083	$ -	
	PERS_Retiree	-	865,578	
	Prior Period Adjustment	-	833,505	
Section 115 Pension Trust		208,581	-	
	PERS Fringe Benefits	-	208,581	
Section 115 Pension Trust		174,978	-	
	Investment Income - Section 115 Pension Trust	-	174,978	
Total		**$ 2,082,642**	**$ 2,082,642**	**$ 1,249,137**
GRAND TOTAL		**$ 3,823,843**	**$ 3,823,843**	**$ (492,064)**

County Connection

COMBINED Income Statement - Actual vs Budget

For Year to Date Through 6/30/2026

	Y-T-D Actual	Annual Budget	Variance	% Budget
REVENUES				
Passenger Fares	3,533,601	3,473,593	60,008	101.73%
Special Service Revenue	1,188,736	931,791	256,945	127.58%
Total Fare Revenue	4,722,337	4,405,384	316,953	107.19%
Federal Operating	1,763,468	1,949,798	(186,330)	90.44%
State Transit Assistance	6,728,438	6,728,438	0	100.00%
BART Feeder Funds	802,469	802,469	0	100.00%
Other State Grants	385,318	361,767	23,551	106.51%
TDA Article 4.0	25,664,937	29,372,566	(3,707,629)	87.38%
TDA Article 4.5	1,087,356	1,077,864	9,492	100.88%
Measure J Sales Tax	8,951,712	8,980,938	(29,226)	99.67%
Other Local Grants and Charges	246,895	248,503	(1,608)	99.35%
Total Federal-State-Local Revenue	45,630,593	49,522,343	(3,891,750)	92.14%
Advertising Income	203,250	200,000	3,250	101.63%
Investment and Misc Income	1,209,660	275,000	934,660	439.88%
Total Other Revenue	1,412,910	475,000	937,910	297.45%
Fare Revenue - LAVTA	29,194	30,000	(806)	97.31%
LAVTA Fees	1,775,046	1,982,151	(207,105)	89.55%
Fare Revenue - One Seat Partners	49,830	39,000	10,830	127.77%
One Seat Ride Fees	827,248	663,891	163,357	124.61%
Go San Ramon Fees	9,128	5,000	4,128	182.56%
Total Paratransit Partners	2,690,446	2,720,042	(29,596)	98.91%
TOTAL REVENUE	54,456,286	57,122,769	(2,666,483)	95.33%
EXPENSES				
Wages	17,920,890	18,275,540	(354,650)	-98.06%
Fringe Benefits	13,709,609	14,514,672	(805,063)	-94.45%
Total Wages & Benefits	31,630,499	32,790,212	(1,159,713)	-96.46%
Services	2,931,640	4,134,434	(1,202,794)	-70.91%
Materials and Supplies	3,830,146	3,625,150	204,996	-105.65%
Utilities	504,378	516,150	(11,772)	-97.72%
Insurance	1,801,881	1,554,193	247,688	-115.94%
Taxes	429,826	390,372	39,454	-110.11%
Leases and Rentals	95,896	75,000	20,896	-127.86%
Miscellaneous	302,528	391,500	(88,972)	-77.27%
Purchased Transportation	8,897,221	9,975,718	(1,078,497)	-89.19%
Total Other Operating (non-wages)	18,793,516	20,662,517	(1,869,001)	-90.95%
Purchased Transp - Partners	2,695,534	2,720,040	(24,506)	-99.10%
Contingency	0	500,000	(500,000)	0.00%
TOTAL EXPENSES	53,119,549	56,672,769	(3,553,220)	-93.73%
Excess Revenue Over (Under) Expenditures	1,336,737	450,000	886,737	297.05%

County Connection

Fixed Route Income Statement - Actual vs Budget

For Year to Date Through 6/30/2026

	Y-T-D Actual	Annual Budget	Variance	% Budget
REVENUES				
Passenger Fares	3,048,764	2,941,593	107,171	103.64%
Special Service Revenue	961,740	710,491	251,249	135.36%
Total Fare Revenue	4,010,504	3,652,084	358,420	109.81%
Federal Operating	120,481	285,303	(164,822)	42.23%
State Transit Assistance	5,728,438	5,728,438	0	100.00%
BART Feeder Funds	802,469	802,469	0	100.00%
Other State Grants	385,318	361,767	23,551	106.51%
TDA Article 4.0	23,356,185	26,271,231	(2,915,046)	88.90%
Measure J Sales Tax	6,353,000	6,353,000	0	100.00%
Total Federal-State-Local Revenue	36,745,891	39,802,208	(3,056,317)	92.32%
Advertising Income	203,250	200,000	3,250	101.63%
Investment and Misc Income	1,209,660	275,000	934,660	439.88%
Total Other Revenue	1,412,910	475,000	937,910	297.45%
TOTAL REVENUE	42,169,305	43,929,292	(1,759,987)	95.99%
EXPENSES				
Wages	17,524,712	17,956,414	(431,702)	-97.60%
Fringe Benefits	13,471,412	14,255,077	(783,665)	-94.50%
Total Wages & Benefits	30,996,124	32,211,491	(1,215,367)	-96.23%
Services	2,783,749	3,916,434	(1,132,685)	-71.08%
Materials and Supplies	3,827,483	3,621,150	206,333	-105.70%
Utilities	439,593	450,150	(10,557)	-97.65%
Insurance	1,782,969	1,533,195	249,774	-116.29%
Taxes	429,826	390,372	39,454	-110.11%
Leases and Rentals	95,896	75,000	20,896	-127.86%
Miscellaneous	297,652	381,500	(83,848)	-78.02%
Purchased Transportation	179,276	400,000	(220,724)	-44.82%
Total Other Operating (non-wages)	9,836,444	10,767,801	(931,357)	-91.35%
Contingency	0	500,000	(500,000)	0.00%
TOTAL EXPENSES	40,832,568	43,479,292	(2,646,724)	-93.91%
Excess Revenue Over (Under) Expenditures	1,336,737	450,000	886,737	297.05%

County Connection

Paratransit Income Statement - Actual vs Budget

For Year to Date Through 6/30/2026

	Y-T-D Actual	Annual Budget	Variance	% Budget
REVENUES				
Passenger Fares	484,837	532,000	(47,163)	91.13%
Special Service Revenue	226,996	221,300	5,696	102.57%
Total Fare Revenue	711,833	753,300	(41,467)	94.50%
Federal Operating	1,642,987	1,664,495	(21,508)	98.71%
State Transit Assistance	1,000,000	1,000,000	0	100.00%
TDA Article 4.0	2,308,752	3,101,335	(792,583)	74.44%
TDA Article 4.5	1,087,356	1,077,864	9,492	100.88%
Measure J Sales Tax	2,598,712	2,627,938	(29,226)	98.89%
Other Local Grants and Charges	246,895	248,503	(1,608)	99.35%
Total Federal-State-Local Revenue	8,884,702	9,720,135	(835,433)	91.41%
Fare Revenue - LAVTA	29,194	30,000	(806)	97.31%
LAVTA Fees	1,775,046	1,982,151	(207,105)	89.55%
Fare Revenue - One Seat Partners	49,830	39,000	10,830	127.77%
One Seat Ride Fees	827,248	663,891	163,357	124.61%
Go San Ramon Fees	9,128	5,000	4,128	182.56%
Total Paratransit Partners	2,690,446	2,720,042	(29,596)	98.91%
TOTAL REVENUE	12,286,981	13,193,477	(906,496)	93.13%
EXPENSES				
Wages	396,178	319,126	77,052	-124.14%
Fringe Benefits	238,197	259,595	(21,398)	-91.76%
Total Wages & Benefits	634,375	578,721	55,654	-109.62%
Services	147,891	218,000	(70,109)	-67.84%
Materials and Supplies	2,663	4,000	(1,337)	-66.58%
Utilities	64,785	66,000	(1,215)	-98.16%
Insurance	18,912	20,998	(2,086)	-90.07%
Miscellaneous	4,876	10,000	(5,124)	-48.76%
Purchased Transportation				
Purchased Transportation	8,717,945	9,575,718	(857,773)	-91.04%
Total Other Operating (non-wages)	8,957,072	9,894,716	(937,644)	-90.52%
Purchased Transp - Partners				
Purchased Transp - Partners	2,695,534	2,720,040	(24,506)	-99.10%
TOTAL EXPENSES	12,286,981	13,193,477	(906,496)	-93.13%
Excess Revenue Over (Under) Expenditures	0	0	0	0.00%

County Connection
Statistical Comparisons
For Year to Date Through 06/30/2026

	Actual FY 2026 through Q4	Actual FY 2025 through Q4	*Variance FY 2026 to FY 2025*	Actual FY 2024 through Q4	*Variance FY 2026 to FY 2024*
Fixed Route					
Fares & Fare Replacements	$ 4,010,504	$ 3,790,282	*5.8%*	$ 3,497,596	*14.7%*
Operating Exp (Less leases)	$ 40,736,672	$ 38,159,521	*6.8%*	$ 36,725,505	*10.9%*
Farebox recovery ratio	***9.8%***	***9.9%***	***-0.9%***	***9.5%***	***3.4%***
Revenue Hours	194,438	191,385	1.6%	186,787	4.1%
Cost per Rev Hour	***$ 209.51***	***$ 199.39***	***5.1%***	***$ 196.62***	***6.6%***
Passengers	2,698,875	2,711,178	-0.5%	2,633,223	2.5%
Cost per Passenger	***$ 15.09***	***$ 14.07***	***7.2%***	***$ 13.95***	***8.2%***
Passengers per Rev Hr	***13.88***	***14.17***	***-2.0%***	***14.10***	***-1.5%***
Paratransit					
Fares	$ 711,833	$ 802,269	*-11.3%*	$ 490,658	*45.1%*
Operating Exp (Less Partners)	$ 9,591,447	$ 11,905,224	*-19.4%*	$ 8,282,839	*15.8%*
Farebox recovery ratio	***7.4%***	***6.7%***	***10.1%***	***5.9%***	***25.3%***
Revenue Hours	66,508	64,709	2.8%	69,689	-4.6%
Cost per Rev Hour	***$ 144.22***	***$ 183.98***	***-21.6%***	***$ 118.85***	***21.3%***
Passengers	111,378	99,675	11.7%	95,341	16.8%
Cost per Passenger	***$ 86.12***	***$ 119.44***	***-27.9%***	***$ 86.88***	***-0.9%***
Passengers per Rev Hr	***1.67***	***1.54***	***8.0%***	***1.37***	***22.4%***