EASTERN CONTRA COSTA TRANSIT AUTHORITY
ANTIOCH, CALIFORNIA

BASIC FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2024
WITH COMPARATIVE TOTALS

EASTERN CONTRA COSTA TRANSIT AUTHORITY

FOR THE FISCAL YEAR ENDED JUNE 30, 2024
WITH COMPARATIVE TOTALS

TABLE OF CONTENTS

BROWN ARMSTRONG
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Eastern Contra Costa Transit Authority
Antioch, California

Report on the Audit of the Basic Financial Statements

Opinions

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of June 30, 2024, and the respective changes in financial position and cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Basic Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Basic Financial Statements

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

In preparing the basic 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.

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Auditor's Responsibilities for the Audit of the Basic Financial Statements

Our objectives are to obtain reasonable assurance about whether the basic financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America 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 basic 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 basic 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 schedule of changes in the net other postemployment benefits (OPEB) liability and related ratios, 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 (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and schedule of changes in the net OPEB liability and related ratios in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Summarized Comparative Information

We have previously audited the Authority's June 30, 2023, basic financial statements, and our report dated January 15, 2024, expressed an unmodified opinion on those audited basic financial statements. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2023, is consistent in all material respects, with the audited basic financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Stockton, California
October 15, 2024

Introduction

This discussion and analysis of the Eastern Contra Costa Transit Authority's (the Authority) financial performance provides an overview of the Authority's financial activities for Fiscal Year 2024 (FY24) including comparisons to the prior year. This information should be considered in conjunction with the statements and notes contained in the Financial Section.

Overview of the Basic Financial Statements

The Financial Section of this report presents the Authority's basic financial statements including the basic financial statements and the notes to those financial statements. It also includes the Independent Auditor's Report on those basic financial statements as well as certain grant activities.

Basic Financial Statements

The *Statement of Net Position* presents information about the assets and liabilities, and the difference between them as *net position.* The change in net position over time can indicate whether the Authority's financial position is improving or deteriorating.

The *Statement of Revenues, Expenses, and Changes in Net Position* indicates how net position has changed during the fiscal year as well as compares operating revenues and operating expenses between the current and prior fiscal year. The operating revenues and expenses shown on page 6 are the financial activities related to the Authority's mission of providing public transportation services in Eastern Contra Costa County. The revenues and expenses reported include fares and advertising revenues along with the cost of passenger services, administration and operation of those services, and the depreciation of capital assets. All other revenues and expenses not included within these categories are reported as non-operating revenues and expenses.

The *Statement of Cash Flows* reports the inflow and outflow of cash at the Authority. Such activity is classified into three major components:

- *Cash flows from operating activities* include transactions reported as components of operating income in the statement of revenues, expenses, and changes in net position.

- *Cash flows from noncapital financing activities* include operating grant funding received as well as operating payments from third parties and non-operating items.

- *Cash flows from capital and related financing activities* come from the procurement of capital assets and the proceeds of capital grants.

Notes to the Basic Financial Statements

The Notes to Basic Financial Statements immediately following are intended to provide additional information that is essential for the reader to gain a full understanding of the information provided within the basic financial statements.

Analysis of the Authority's Overall Financial Position
As of June 30, 2024, and 2023(in thousands)

			2024 to 2023 Increase/Decrease	
	2024	2023	Amount	%
Current assets	$ 12,977	$ 11,428	$ 1,549	13.55%
Noncurrent assets	27,896	29,638	(1,742)	-5.88%
Total assets	$ 40,873	$ 41,066	$ (193)	-0.47%
Current liabilities	$ 11,242	$ 9,515	$ 1,727	18.15%
Noncurrent liabilities	845	914	(69)	-7.55%
Total liabilities	12,087	10,429	1,658	15.90%
Net position	$ 28,786	$ 30,637	$ (1,851)	-6.04%

The Authority continues to recover from a post-pandemic transit landscape that has affected travel patterns and demand. Operating revenues remain lower than expected while operating expenses continue to rise at an abnormal rate. Non-current assets have decreased due to the disposition of eight (8) revenue vehicles, seven (7) fareboxes, and one (1) damaged DAR bus from an accident. Current liabilities are up over 18% because it accounts for the significant increase in current liabilities from excess Transportation Development Act (TDA) funding as a payable.

The 6.04% decrease in the Authority's net position in FY24 is due to the items described above.

Capital Activity

Revenue Vehicles	$ 1,700,908
Facilities and Equipment	522,438
Architectural and Engineering for Park and Ride Lot	124,335
	$ 2,347,681

Revenue vehicles remain the major component of the Authority's net capital assets and will do so going forward. Facilities and equipment expenditures consist of construction of the Hydrogen Fueling Station which should be completed in FY27

Operating Activity

Comparison to Budget
As of June 30, 2024 (in thousands)

	FY24 Actual	FY24 Budget	Variance
Operating Revenues	$ 2,414	$ 2,304	$ 110
Operating Expenses, Excluding Depreciation	33,913	35,332	(1,419)
Non-Operating Revenues	31,499	33,028	(1,529)

Prior Year Comparison
As of June 30, 2024 and 2023 (in thousands)

	FY24 Actual	FY23 Actual	Variance
Operating Revenues	$ 2,414	$ 2,116	$ 298
Operating Expenses, Excluding Depreciation	33,913	32,976	937
Non-Operating Revenues	31,499	30,860	639

During FY24, the Authority budgeted for 260 thousand billable service hours and actually provided 234 thousand billable hours of service through an operations contractor. The budget was created under the assumption that service would return to normal following the COVID-19 Pandemic. In January 2024, the Authority reduced the levels of services by eliminating services to non-productive services to reduce the costs.

The Authority anticipated providing 1.2 million passenger trips in FY24 and the actual number of passenger trips was 1.3 million. Fixed-route ridership has been steadily increasing but an equal share of the increase in ridership is attributed to the increase in Tri MyRide service.

There were no other material cost overages in any expense line items during FY24.

KEY PERFORMANCE INDICATORS BY SERVICE PARATRANSIT					
			ANNUAL COMPARISON		
	Budget June 30, 2024	% Difference Budget/Actual	Actual June 30, 2024	Actual June 30, 2023	% Change
PASSENGERS					
Total DAR Trips Provided	226,962	8.3%	245,710	230,425	6.6%
Average Weekday Ridership	827	8.2%	895	835	7.2%
Average Sat Ridership	228	6.6%	243	256	-5.1%
Average Sun/Hol Ridership	138	13.0%	156	120	30.0%
Average Passengers/Hour (weekdays regular paratransit only)	2.02	13.9%	2.30	2.14	7.5%
CUSTOMER SERVICE					
Ride Refusals/Day	-	0.0%	-	-	0.0%
Customer Complaints	0.30%	-76.7%	0.07%	0.11%	-36.36%
On Time Performance	90%	6.7%	96%	96%	0.0%
MAINTENANCE					
Gallons of Fuel Consumed	198,825	-14.2%	170,614	152,902	11.6%
Miles Between Preventable Accidents	200,000	-34.6%	130,783	130,650	0.1%
Miles Between Road Calls	100,000	-28.1%	71,932	652,931	-89.0%
COST RATIOS					
Farebox Recovery Ratio	8.46%	-26.0%	6.26%	7.84%	-20.2%
$/Gal Fuel	$ 4.37	6.6%	$ 4.66	$ 5.06	-7.9%
Operating Cost/Passenger	$ 43.14	-8.1%	$ 39.65	$ 37.68	5.2%
Operating Cost/Revenue Hour	$ 103.31	17.1%	$ 121.02	$ 103.00	17.5%
Operating Cost/Revenue Mile	$ 8.93	-9.5%	$ 8.08	$ 6.66	21.3%

KEY PERFORMANCE INDICATORS BY SERVICE FIXED ROUTE					
			ANNUAL COMPARISON		
	Budget June 30, 2024	% Difference Budget/Actual	Actual June 30, 2024	Actual June 30, 2023	% Change
PASSENGERS					
Total FR Trips Provided	984,639	14.7%	1,129,025	992,717	13.7%
Average Weekday Ridership	3,333	15.2%	3,841	3,382	13.6%
Average Sat Ridership	1,474	8.3%	1,597	1,423	12.2%
Average Sun/Hol Ridership	1,195	15.3%	1,378	1,132	21.7%
Average Passengers/Hour	5.80	25.9%	7.30	6.20	17.7%
CUSTOMER SERVICE					
Customer Complaints	0.30%	-6.7%	0.28%	0.03%	833.3%
On Time Performance	90%	-15.6%	76%	82%	-7.3%
MAINTENANCE					
Gallons of Fuel Consumed	533,056	-4.0%	511,957	534,495	-4.2%
Miles Between Preventable Accidents	100,000	8.7%	108,710	82,309	32.1%
Miles Between Road Calls	50,000	-70.7%	14,673	79,654	-81.6%
COST RATIOS					
Farebox Recovery Ratio	3.86%	24.9%	4.82%	3.93%	22.6%
$/Gal Fuel	$ 4.05	2.0%	$ 4.13	$ 4.33	-4.6%
Operating Cost/Passenger	$ 25.94	-17.5%	$ 21.41	$ 24.99	-14.3%
Operating Cost/Revenue Hour	$ 153.96	2.6%	$ 157.93	$ 153.75	2.7%
Operating Cost/Revenue Mile	$ 12.32	1.0%	$ 12.44	$ 12.28	1.3%

Economic Factors and Next Year’s Budget and Rates

The continued uncertainty surrounding recovery from post-pandemic remains a concern for the Authority. Fare revenues and funding from state and local non-operating revenues continue to be less than expected while operating expenses are increasing.

Rising costs of materials and supplies are always problematic when they do not coincide with increased revenues or levels of service. The rapidly rising costs of employee benefits such as health care, the provision of adequate retirement programs, and worker's compensation are one of those costs. This affects not only the Authority employees, but the employees of the purchased transportation contract provider as well because it impacts the amounts the Authority must pay for those contracts. The contractor's fixed and variable hourly rate increases each year.

Requests for Information

This financial report was created to provide citizens, taxpayers, as well as the Authority's customers and creditors with a general overview of the Authority's finances. It is designed to demonstrate agency accountability for appropriate use of public funds that the Authority receives. Any questions or requests for additional information can be made to:

The Eastern Contra Costa Transit Authority
Attn: Chief Financial Officer
801 Wilbur Avenue
Antioch, CA 94590
(925) 754-6622
comment@eccta.org

Copies of this report are available online: http://www.trideltatransit.com/public.aspx.

BASIC FINANCIAL STATEMENTS

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

	2024	2023
ASSETS		
Current Assets		
Unrestricted assets:		
Cash and equivalents (Note 3)	$ 3,634,078	$ 2,472,999
Operating assistance receivable	5,144,299	3,551,766
Capital grants receivable	315,825	1,336,682
Accounts receivable	159,466	134,057
Maintenance inventories and supplies, at cost	870,103	837,998
Prepaid expenses (Note 13)	141,309	7,973
Total unrestricted assets	10,265,080	8,341,475
Restricted LCTOP reserve cash and equivalents (Note 3):		
LCTOP reserves	2,711,431	3,086,822
Total restricted assets	2,711,431	3,086,822
Total Current Assets	12,976,511	11,428,297
Noncurrent Assets		
Capital assets (Note 4):		
Non-depreciable	2,456,985	2,456,985
Depreciable	25,438,577	27,181,014
Total Noncurrent Assets	27,895,562	29,637,999
TOTAL ASSETS	$ 40,872,073	$ 41,066,296
LIABILITIES		
Current Liabilities		
Accounts payable	$ 2,227,124	$ 2,403,982
Accrued liabilities	540,863	481,269
Other restricted funds	35,500	-
Due to other governments, TDA payable (Note 8)	5,526,083	3,405,822
Grant advances (Note 9)	2,843,184	3,155,634
Note payable - Due in less than one year (Note 12)	68,987	68,277
Total Current Liabilities	11,241,741	9,514,984
Noncurrent Liabilities		
Net other postemployment benefit liability (Note 11)	-	-
Note payable - Due in more than one year (Note 12)	844,814	913,801
Total Noncurrent Liabilities	844,814	913,801
Total Liabilities	12,086,555	10,428,785
NET POSITION (Note 2G)		
Net investment in capital assets	26,981,761	28,655,921
Restricted for:		
LCTOP operations	2,711,431	3,086,822
Unrestricted	(907,674)	(1,105,232)
Total Net Position	28,785,518	30,637,511
TOTAL LIABILITIES AND NET POSITION	$ 40,872,073	$ 41,066,296

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

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

	2024	2023
OPERATING REVENUES		
Passenger fares	$ 1,830,676	$ 1,654,377
Other operating income	583,389	461,450
Total Operating Revenues	2,414,065	2,115,827
OPERATING EXPENSES		
Purchased transportation (Note 13)	20,456,809	19,503,544
Materials and supplies	4,644,963	4,958,304
Salaries and benefits	5,752,623	5,966,192
Services	1,274,093	1,233,107
Casualty and liability insurance	1,072,168	619,804
Utilities	319,553	249,980
Other	382,737	434,306
Depreciation (Note 4)	4,090,118	4,234,785
Interest expense	9,677	10,329
Total Operating Expenses	38,002,741	37,210,351
OPERATING LOSS	(35,588,676)	(35,094,524)
NON-OPERATING REVENUES		
State grant revenues	23,969,514	21,252,375
Local grant revenues	5,738,221	5,030,856
Non-transportation revenues	76,763	23,780
Federal grant revenues	1,714,064	4,552,728
Net Non-Operating Revenues, Before Capital Contributions (Grants)	31,498,562	30,859,739
Capital Contributions (Grants)	2,238,121	4,886,730
Net Non-Operating Revenues and Capital Contributions (Grants)	33,736,683	35,746,469
CHANGE IN NET POSITION	(1,851,993)	651,945
NET POSITION AT BEGINNING OF YEAR	30,637,511	29,985,566
NET POSITION AT END OF YEAR	$ 28,785,518	$ 30,637,511

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

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

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from passenger fares	$ 1,830,676	$ 1,654,377
Cash received from operations - other	557,980	383,649
Cash payments for purchased transportation	(20,456,809)	(19,503,544)
Payments to and on behalf of employees	(6,729,697)	(6,625,978)
Payments to suppliers for goods and services	(6,973,322)	(6,379,590)
Net Cash Used in Operating Activities	(31,771,172)	(30,471,086)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal grants and reimbursements	1,714,064	4,552,728
State and local operating grants	29,923,013	24,835,543
Other noncapital revenue	33,003	23,780
Net Cash Provided by Noncapital Financing Activities	31,670,080	29,412,051
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions	3,258,978	3,918,590
Proceeds from the sale of capital assets	43,760	-
Purchase of capital assets	(2,347,681)	(5,031,466)
Debt payment on long-term debt	(68,277)	(67,625)
Net Cash Flows Used in Capital and Related Financing Activities	886,780	(1,180,501)
Net Increase (Decrease) in Cash and Cash Equivalents	785,688	(2,239,536)
Cash and Cash Equivalents, Beginning of Year	5,559,821	7,799,357
Cash and Cash Equivalents, End of Year	$ 6,345,509	$ 5,559,821
Cash and Cash Equivalents, Unrestricted	$ 3,634,078	$ 2,472,999
Cash and Cash Equivalents, Restricted	2,711,431	3,086,822
Total Cash and Cash Equivalents, End of Year	$ 6,345,509	$ 5,559,821

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

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

	2024	2023
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating Loss	$ (35,588,676)	$ (35,094,524)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation	4,090,118	4,234,785
Changes in assets and liabilities:		
(Increase) Decrease in receivables	(25,409)	(77,801)
(Increase) in inventory	(32,105)	(110,812)
Increase (Decrease) in prepaid expenses	(133,336)	46,385
Increase (Decrease) in accounts payable	(176,858)	570,863
Increase (Decrease) in net OPEB liability	-	-
Increase (Decrease) in other liabilities	95,094	(39,982)
Net Cash Used in Operating Activities	$ (31,771,172)	$ (30,471,086)

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

NOTE 1 – GENERAL

The Eastern Contra Costa Transit Authority (Authority), also known as Tri Delta Transit, was created August 3, 1976, under a joint exercise of powers agreement between the cities of Antioch, Pittsburg, Brentwood and Contra Costa County, for the purpose of meeting the public transportation needs in Eastern Contra Costa County. The Authority is governed by a Board of Directors composed of representatives of the member jurisdictions. The joint exercise of powers agreement was amended on April 26, 2000, to include the recently incorporated City of Oakley.

The Authority's reporting entity includes all activities of the Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies of the Authority, which conform with accounting principles generally accepted in the United States of America applicable to governments in the United States of America.

A. Enterprise Fund Accounting

The Authority is accounted for as an enterprise fund. This fund is a set of self-balancing accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses.

B. Basis of Accounting

Basis of accounting refers to *when* revenues and expenses are recognized. The Authority is accounted for using the accrual basis of accounting, under which revenues are recognized when they are earned and expenses are recognized when they are incurred.

Non-exchange transactions, in which the Authority gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On an accrual basis of accounting, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

C. Basis of Presentation

The Authority's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Authority are charges to customers for farebox revenues. The Authority's *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the Authority. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

NOTE 2 – <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u> (Continued)

D. Cash Equivalents

The Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

E. Risk Management

The Authority requires its operations contractor, First Transit, Inc., to provide general liability coverage. First Transit, Inc., provides insurance with primary coverage of $1,000,000 in aggregate. In addition, the Authority is insured for premises and operational bodily injury and property damage up to a limit of $13,400,000, with a deductible of $10,000.

F. Compensated Absences

Full-time permanent employees are granted paid time off (PTO) benefits in varying amounts to specified maximums, depending on their tenure with the Authority. PTO accrues to employees upon being hired to specified maximums and available to use after ninety days of service. The estimated current portion of the liability for PTO benefits is recorded as an expenditure with a corresponding liability.

G. Net Position

Net position is the excess of all the Authority's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources. Net Position is divided into three classifications and applies only to net position as described below:

Net Investment in Capital Assets describes the portion of net position which is represented by the current net book value of the Authority's capital assets.

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Authority cannot unilaterally alter. The Authority's restricted net position is for unexpended funds received from the Low Carbon Transit Operation Program (LCTOP).

Unrestricted describes the portion of net position which is not restricted to use.

The Authority will apply restricted resources before unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

H. Use of Estimates

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

I. Inventory

Inventory is stated at cost. Inventory held by the Authority is material and supplies that are consumed by the Authority and are not for resale purposes.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

K. New Accounting Pronouncements – Implemented

GASB Statement No. 99 – *Omnibus 2022*. The requirements of this statement are effective as follows:

- The requirements related to the extension of the use of London Interbank Offered Rate (LIBOR), accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in GASB Statement No. 34, as amended, and terminology updates related to GASB Statement No. 53 and GASB Statement No. 63 are effective upon issuance.
- The requirements related to leases, public-private and public-public partnerships (PPPs), and subscription-based information technology arrangements (SBITAs) are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

There was no effect on the Authority's accounting and financial reporting as a result of implementing this standard.

GASB Statement No. 100 – *Accounting Changes and Error Corrections.* The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. There was no effect on the Authority's accounting and financial reporting as a result of implementing this standard.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Future Accounting Pronouncements

GASB Statement No. 101 – *Compensated Absences.* The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The Authority will implement GASB Statement No. 101 if and when applicable.

GASB Statement No. 102 – *Certain Risk Disclosures.* The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged. The Authority will implement GASB Statement No. 102 if and when applicable.

GASB Statement No. 103 – *Financial Reporting Model Improvements.* The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The Authority will implement GASB Statement No. 103 if and when applicable.

NOTE 3 – CASH AND CASH EQUIVALENTS

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the Authority's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the Authority's name and places the Authority ahead of general creditors of the institution.

A. Cash and Cash Equivalents

The Authority's unrestricted cash consists of time and demand deposits and petty cash held at the Authority's administrative office.

The Authority's restricted assets, which consist of certificates of deposit with Bank of Agriculture and Commerce, are carried at fair value, as required by accounting principles generally accepted in the United States of America. The Authority adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

Cash and cash equivalents consisted of the following as of June 30, 2024:

Unrestricted cash and cash equivalents:	
Deposits in financial institutions	$ 3,633,526
Cash on hand at Authority	552
Total unrestricted cash and equivalents	3,634,078
Restricted cash and cash equivalents:	
LCTOP reserve certificates of deposit	2,711,431
Total restricted cash and equivalents	2,711,431
Total cash and cash equivalents	$ 6,345,509

NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)

B. Fair Value Hierarchy

The Authority categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

In the fiscal year ended June 30, 2024, the Authority had investments in Money Market accounts of $2,897,330 and Certificates of Deposit of $2,711,431, which are exempt from fair value measurements.

C. LCTOP

The LCTOP is one of several programs that are part of the Transit, Affordable Housing, and Sustainable Communities Program established by the California Legislature in 2015 by Senate Bill 862. The LCTOP was created to provide operating and capital assistance for transit agencies to reduce greenhouse gas emission and improve mobility, with a priority on serving disadvantaged communities. The LCTOP was passed and adopted by the Authority in January 2016. The Authority is applying these funds to enhance service on Route 201 (Concord, California).

D. Custodian 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 possession of another party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision made for deposits: The California Government Code requires that a financial institution secure deposits made by state and local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The fair value of pledged securities must equal at least 110% of the total amount deposited by public agencies.

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risk relating to deposits and investments: $8,042,211 of the Authority's deposits with financial institutions were in excess of the Federal Deposit Insurance Corporation limits and were held in collateralized accounts as of June 30, 2024.

NOTE 4 – CAPITAL ASSETS

Capital assets of the Authority consist of land, transit and service vehicles, buildings and improvements, and equipment. Capital assets are recorded at cost and depreciated over their estimated useful lives. The Authority's policy is to capitalize assets when the article of property being purchased has a useful life of more than one year.

Depreciation of capital assets in service is provided using the straight-line method, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The Authority has assigned the useful lives as follows:

Building and improvements	5-30 years
Transit vehicles	4-14 years
Shop office and other equipment	5-10 years

NOTE 4 – **CAPITAL ASSETS** (Continued)

A. Capital Assets Activity

Capital assets activity during the fiscal year ended June 30, 2024, is as follows:

	Balance June 30, 2023	Acquisitions	Reclassifications and Dispositions	Balance June 30, 2024
Capital Assets Not Being Depreciated:				
Land	$ 2,456,985	$ -	$ -	$ 2,456,985
Construction in Progress	-	-	-	-
Total Capital Assets Not Being Depreciated	2,456,985	-	-	2,456,985
Capital Assets Being Depreciated:				
Buildings and improvements	21,201,476	496,648	-	21,698,124
Transit vehicles	42,878,170	1,700,908	(3,419,336)	41,159,742
Equipment	5,359,551	150,125	-	5,509,676
Total Capital Assets Being Depreciated	69,439,197	2,347,681	(3,419,336)	68,367,542
Less Accumulated Depreciation for:				
Buildings and improvements	11,054,398	-	-	11,054,398
Transit vehicles	26,363,284	4,090,118	(3,419,336)	27,034,066
Equipment	4,840,501	-	-	4,840,501
Total Accumulated Depreciation	42,258,183	4,090,118	(3,419,336)	42,928,965
Total Capital Assets Being Depreciated, Net	27,181,014	(1,742,437)	-	25,438,577
Total Capital Assets, Net	$ 29,637,999	$ (1,742,437)	$ -	$ 27,895,562

Depreciation expense was $4,090,118 as of June 30, 2024.

B. Capital Contributions

The Authority has grant contracts with the U.S. Department of Transportation through the Federal Transit Administration (FTA) for certain capital improvements. FTA funds are used to replace and improve the Authority’s buses and transit facilities. The Authority also has contracts under the Transportation Development Act of 1971 (TDA) and State Transit Assistance (STA) funds, which are used to match FTA grants or to fund transit improvement projects. Capital funding provided under government grants is considered earned as the allowable expenditures are incurred.

Grants for capital assets acquisition and facility development and rehabilitation are reported in the Statement of Revenues, Expenses, and Changes in Net Position, after non-operating revenues and expenses as capital contributions.

NOTE 5 – **OPERATING GRANTS**

The Authority records operating assistance grants as revenue when earned.

A. TDA and STA Operating Assistance

The Authority receives allocations of local transportation funds pursuant to the TDA and STA funds. These funds are generated within Contra Costa County and are allocated based on annual claims filed by the Authority and approved by the Metropolitan Transportation Commission (MTC). Generally, the maximum annual TDA assistance the Authority can receive is limited to its actual operating costs (excluding depreciation) less fare revenues received and other local operating assistance (including interest income).

NOTE 5 – <u>OPERATING GRANTS</u> (Continued)

A. <u>TDA and STA Operating Assistance</u> (Continued)

For the fiscal year ended June 30, 2024, the maximum TDA operating assistance eligibility was $19,505,980. During the fiscal year ended June 30, 2024, the TDA operating funds had a receivable of $3,131,182 due to timing of receipt and a payable of $5,526,083, which represents the surplus of TDA operations grants received by the Authority that have not yet been spent (See Note 8).

B. <u>Inter-Operator Agreements</u>

The Authority receives funding through an arrangement with Bay Area Rapid Transit (BART) for operating assistance applied to certain “feeder bus” services to the Pittsburg/Bay Point BART station. The Authority took over and incorporated such services from BART in 1997 (as detailed in the schedule below).

C. <u>Measure J</u>

On November 2, 2004, Contra Costa County voters approved Measure J, which extended the half-percent cent local transportation sales tax first established by Measure C in 1988 for another 25 years. These revenues were to be used for the construction and improvement of state highways, the construction, maintenance, improvement, and operation of local streets, roads, and highways, and the construction, improvement, and operation of public transit systems including paratransit services. Specifically, the Authority receives Measure J funding from the following Measure J Programs:

- Program 14 - Bus Services
- Program 15 - Transportation for Seniors & People with Disabilities
- Program 16 - Express Bus

D. <u>Regional Measure 2 Funds</u>

On March 2, 2004, voters passed Regional Measure 2 (RM2), raising the toll on the seven State-owned toll bridges in the San Francisco Bay Area by $1.00. This extra dollar is to fund various transportation projects within the region that have been determined to reduce congestion or to make improvements to travel in the toll bridge corridors, as identified in Senate Bill 916 (Chapter 715, Statutes of 2004). Specifically, RM2 establishes the Regional Traffic Relief Plan and identifies specific transit operating assistance and capital projects and programs eligible to receive RM2 funding. The Bay Area Toll Authority (BATA) is responsible for the collection of the bridge tolls and MTC is responsible for administering the RM2 Program. As an eligible recipient the Authority was allocated RM2 funds of $392,404 and received $400,863 in RM2 funding during the fiscal year ended June 30, 2024. The Authority utilized the RM2 funds as operating assistance on a specific, express bus route per the program’s requirements.

E. <u>Regional Measure 3</u>

Approved by voters, Regional Measure 3 (RM3) raised tolls on the region's state-owned toll bridges by $1 beginning January 1, 2019. Tolls were increased by another $1 in January 2022 with another $1 increase set for January 2025. Toll revenues will be used to finance a $4.45 billion slate of highway and transit improvements in the toll bridge corridors and their approach routes. The Regional Measure faced legal challenges but they were ultimately dismissed by the California Supreme Court in January 2023. In order to disburse funds in a timely manner, MTC allocated the Authority $526,491 and received $239,613 in RM3 to be used for the same purposes as RM2 in FY2024. MTC is still in process of developing the framework for the eligibility of future RM3 operating funds.

NOTE 5 – OPERATING GRANTS (Continued)

Operating assistance for the fiscal year ended June 30, 2024, is summarized as follows:

	2024
Federal Transit Administration	$ 1,714,064
Transportation Development Act	16,623,828
State Transit Assistance	6,099,401
Inter-Operator Agreements (BART)	2,532,085
Measure J	2,287,241
Regional Measure 2	392,404
Regional Measure 3	526,491
Low Carbon Transit Operations Program (LCTOP)	1,246,285
Total Operating Assistance	$ 31,421,799

NOTE 6 – CAPITAL GRANTS

The Authority has received grants from the FTA and grants of local transportation funds pursuant to the TDA for the purchase of buses, facility improvements, furniture and fixtures, and supporting equipment.

Expenditures of capital grant funds are allocated based on annual claims filed by the Authority and approved by the MTC. The Authority's management believes that the remaining grants available will be approved in full. These grants (excluding Measure J), less the related amortization, are included in capital contributions.

The Authority's capital contributions for the fiscal year ended June 30, 2024, are as follows:

	2024
U.S. Department of Transportation grant awards	$ 3,296,208
Less: funds used for operating costs	(1,714,064)
Subtotal	1,582,144
State grants	482,456
Other	173,521
Total capital contributions	$ 2,238,121

NOTE 7 – MEASURE J

In November 2004, Contra Costa County voters approved Measure J which provided for the continuation of a County half-cent transportation sales tax for 25 more years beyond the original expiration date of 2009 (Measure C). Measure J funding is administered by the Contra Costa Transportation Authority (CCTA). The Authority records Contra Costa County Measure J grants for operations and for capital projects as revenue and capital contributions, respectively, as received.

The Authority is an eligible recipient of Measure J funds and received $2,320,132 in Measure J operating assistance during the fiscal year ended June 30, 2024, of which $2,287,241 was applied to specific fixed route and para-transit bus services per CCTA's approved program. The amount of $202,965 of Measure J funds for 2024 were "passed through" to the Central Contra Costa Transit Authority (CCCTA) according to an inter-operator agreement that all three agencies entered into to provide Countywide express bus services.

NOTE 8 – TDA RECEIVABLE AND PAYABLE

The Authority applies for TDA funds for operating purposes prior to the start of each fiscal year. The application is based on the Authority's annual budget and thus contains an estimate of the Authority's annual operating expenditures and revenues for the next fiscal year. After completion of the annual audit, whereby any unapplied funds or funding shortfalls are determined, the Authority either returns TDA funds in excess of those used during the fiscal year or applies for additional TDA funding for the prior fiscal year to make up the shortfall.

A TDA Operating Receivable represents the amount of TDA operations grants pending to be received by the Authority. As of the fiscal year ended June 30, 2024, the Authority was pending the amount of $3,131,182 from MTC.

A TDA Payable represents the surplus of TDA operations grants received by the Authority that have not yet been spent. Such surpluses must be returned to the County Local Transportation Fund. The amount of TDA payable at year end is a provision that the Authority makes to return such TDA funds. At the end of the fiscal year ended June 30, 2024, the Authority owed the County Local Transportation Fund the amount of $5,526,083.

NOTE 9 – GRANT ADVANCES

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

	2024
LCTOP	$ 2,711,431
State of Good Repair (SGR)	131,753
Total grant advances	$ 2,843,184

NOTE 10 – EMPLOYEE RETIREMENT PLANS

The Authority offers two retirement plans – a 401(a) and a 457(b) plan. Participation in the plans is optional.

A. Employees' Retirement Plan

The Authority offers a 401(a) defined contribution pension plan, administered by the Financial Decision group, through Charles Schwab. All full-time employees are eligible for this voluntary program upon successful completion of his or her probation. In order to participate in this voluntary program, an employee must participate in the 457(b) deferred compensation plan (see Note 10B), and contribute a minimum of 4% of his or her gross salary, up to the federally allowed maximum amount of his or her gross compensation.

The Authority makes contributions to the 401(a) plan for each participant depending on the participant's years of service with the Authority as follows:

Less than 10 years	12% of gross salary
10-20 years	13% of gross salary
20-30 years	14% of gross salary
More than 30 years	15% of gross salary

NOTE 10 – EMPLOYEE RETIREMENT PLANS (Continued)

A. Employees' Retirement Plan (Continued)

Any changes to the plan and/or contribution requirements must be approved by the Authority's Board of Directors. During the fiscal year ended June 30, 2024, the Authority contributed $468,118 to the 401(a) plan on behalf of its participants.

B. Deferred Compensation Plan

The Authority's employees may defer a portion of their compensation under an Authority sponsored Deferred Compensation Plan, administered by Ameritas, created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death, or in an emergency as defined by the plan. Employees also have the option make contributions to a 457 Roth plan. With this plan, they will pay taxes upfront when contributions are made to the plan and will have the benefit of tax-free withdrawals when the time comes.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the Authority's property and are not subject to Authority control, they have been excluded from these financial statements.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. General Information about the OPEB Plan

Plan Description

The Authority provides postretirement health care benefits at retirement to full time employees who have been an employee for at least 20 years and must be 62 years or older at retirement until they reach the age 65.

Benefits Provided

The Authority will pay the entire Consolidated Omnibus Budget Reconciliation Act (COBRA) Kaiser Health Savings Account (HSA) plan premium for the retired employee and their eligible dependents until the retired employee reaches age 65, at which time they will qualify for Medicare. The Authority will pay the equivalent of the Kaiser HSA plan premium towards another health insurance policy selected by the employee in place of this plan.

Employees Covered by Benefit Terms

As of June 30, 2024, the benefit terms covered the following employees:

Retirees and survivors currently receiving benefits	4
Active employees	42
Total	46

B. Net OPEB Liability

The Authority's net OPEB liability was measured as of June 30, 2024, using the Alternative Measurement Method (AMM). This method is similar to an actuarial valuation, but with simplifications of several assumptions permitted per GASB guidelines.

B. Net OPEB Liability (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2024
Age Adjustment Factor	2.233368
Average Retirement Age	68
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Bond Yield	3.76%
Discount Rate	3.76%
Participants valued	Only current active employees, retired participants, and covered dependents are valued. No future entrants are considered in this valuation.
Projected Salary Increases	4.00% per year
Mortality	Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years.
Healthcare Cost Trend	The cost trend numbers used were developed consistent with the Getzen model promulgated by the Society of Actuaries for use in long-term trend projection. The ACA excise tax will ultimately affect all plans. Due to the variability of the ACA excise tax plan, healthcare trends could raise an average of 0.5% or more in each year.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.76%. For OPEB plans that are not prefunded and are paying for OPEB on a pay-as-you-go basis, the discount rate is based on the 20-year tax exempt municipal bond yield which was 3.76% as of June 30, 2024.

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

B. Net OPEB Liability (Continued)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Change in Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2023	$ -	$ -	$ -
Changes in the Year:			
Service Cost	-	-	-
Interest	-	-	-
Effects of Economic/Demographic Gains or Losses	-	-	-
Effects of Assumptions Changes or Inputs	-	-	-
Benefit Payments	-	-	-
Employer Contributions	-	-	-
Net Changes	-	-	-
Balance at June 30, 2024	$ -	$ -	$ -

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 (2.76%) or one percentage point higher (4.76%), follows:

	1% Decrease 2.76%	Discount Rate 3.76%	1% Increase 4.76%
Net OPEB Liability	$ -	$ -	$ -

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

As of June 30, 2024, the Authority's healthcare cost trend rate baseline was:

	Medical	Pharmacy	Dental	Vision
Year 1	4.70%	5.20%	3.50%	3.00%
Year 2	4.80%	4.80%	3.50%	3.00%
Year 3	4.70%	4.70%	3.00%	3.00%
Year 4	4.60%	4.60%	3.00%	3.00%
Year 5	4.50%	4.50%	3.00%	3.00%
Year 6	4.40%	4.40%	3.00%	3.00%
Year 7	4.30%	4.30%	3.00%	3.00%
Year 8	4.20%	4.20%	3.00%	3.00%
Year 9	4.20%	4.20%	3.00%	3.00%
Year 10+	4.20%	4.20%	3.00%	3.00%

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

B. Net OPEB Liability (Continued)

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

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 or one percentage point higher than current healthcare cost trend rates, follows:

	1% Decrease	Baseline Trend	1% Increase
Net OPEB Liability	$ -	$ -	$ -

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

For the fiscal year ended June 30, 2024, the Authority recognized an OPEB expense of $0. At June 30, 2024, the Authority reported no deferred outflows of resources and deferred inflows of resources related to OPEB as the plan does not hold assets in a trust.

NOTE 12 – NOTE PAYABLE

On February 4, 2016, the Authority entered into an agreement with California Energy Resources Conservation and Development Commission (California Energy Resources) for $1,308,104, with a one percent (1% per annum) interest rate. The project consists of installing roof and parking structures mounted with photovoltaic (PV) panels at the Authority's main office, located in Antioch, California. Principal and interest payments are payable semiannually with the first repayment due on December 22, 2018, and final installment due on December 22, 2036.

The following is a summary of the note payable for the fiscal year ended June 30, 2024:

	Original Issue Amount	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024	Due Within One Year
California Energy Resources Loan Agreement	$ 1,308,104	$ 982,078	$ -	$ 68,277	$ 913,801	$ 68,277
Total long-term debt		$ 982,078	$ -	$ 68,277	$ 913,801	$ 68,277

The annual payment requirements to mature the loan outstanding at June 30, 2024, were as follows:

Year Ending June 30,	Principal	Interest	Total
2025	68,987	8,967	77,954
2026	69,679	8,275	77,954
2027	70,377	7,576	77,953
2028	71,065	6,889	77,954
2029-2033	366,236	23,533	389,769
2034-2037	267,457	5,380	272,837
Total	$ 913,801	$ 60,620	$ 974,421

NOTE 13 – COMMITMENT AND CONTINGENT LIABILITIES

The Authority is subject to litigation arising in the normal course of business. In the opinion of the Authority's legal counsel, there is no pending litigation which is likely to have a material adverse effect on the financial position of the Authority.

The Authority participates in Federal and State grant programs. These programs have been audited by the Authority's independent auditors in accordance with the provisions of the Uniform Guidance, and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time. The Authority expects such amounts, if any, to be immaterial.

The Authority made a prepayment to Pacific Gas and Electric (PG&E) for a 10-year refundable electric option and will perform the construction services for the project using the loan proceeds. The option payment of $6,148 for the fiscal year ended June 30, 2024, is reported as a prepaid asset on the Statement of Net Position.

Contractor

The Authority has an agreement dated May 2, 2016, with First Transit, Inc., a private transit firm, to provide transportation management and operations services on behalf of the Authority through June 30, 2024. Expenses recorded under this contract amounted to $19,178,822 for fiscal year ended June 30, 2024, and are recorded under purchased transportation and casualty and liability costs. The contracted with County Connection for their one seat pilot program and incurred $335,803 in expenses. The Authority is also contracted with Transit Network Companies (TNCs) Uber, Lyft, and United Taxi. Purchased Transportation Expense for these three TNCs amounted to $942,184.

NOTE 14 – SENATE BILL 1 (SB 1) – STATE OF GOOD REPAIR

The Road Repair and Accountability Act of 2017, SB 1 (Chapter 5, Statutes of 2017), signed by the Governor on April 28, 2017, includes a program that will provide additional revenues for transit infrastructure repair and service improvements. This investment in public transit will be referred to as the State of Good Repair (SGR) program. This program provides funding of approximately $105 million annually to the State Transit Assistant Account. These funds are to be made available for eligible transit maintenance, rehabilitation, and capital projects.

In the fiscal year ended June 30, 2024, the Authority received SGR funds of $62,941. As of June 30, 2024, the Authority has a total of $131,754 unearned SGR revenue comprised of fiscal year 2024 SGR funds for Authority's parking lot repairs.

NOTE 15 – SUBSEQUENT EVENTS

Subsequent events were evaluated through October 15, 2024, which is the date the basic financial statements were available to be issued. There were no subsequent events with a material effect on the basic financial statements or note disclosures that took place after June 30, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

EASTERN CONTRA COSTA TRANSIT AUTHORITY
SCHEDULE OF CHANGES IN THE NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY AND RELATED RATIOS
JUNE 30, 2024
LAST 10 FISCAL YEARS*

Measurement Period	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Total OPEB Liability					
Service Cost	$ -	$ -	$ -	$ -	$ 355,782
Interest on Total OPEB Liability	-	-	1,440	2,541	38,398
Effect of Economic/Demographic Gains or Losses	-	-	(67,507)	(43,574)	(596,797)
Effects of Assumptions Changes or Inputs	-	-	-	-	-
Benefit Payments	-	-	-	(18,862)	(27,203)
Net Change in Total OPEB Liability	-	-	(66,067)	(59,895)	(229,820)
Total OPEB Liability - Beginning	-	-	66,067	125,962	355,782
Total OPEB Liability - Ending	$ -	$ -	$ -	$ 66,067	$ 125,962
OPEB Plan Fiduciary Net Position					
Contributions - Employer	$ -	$ -	$ -	$ 18,862	$ 27,000
Benefit Payments	-	-	-	(18,862)	(27,000)
Net Change in OPEB Plan Fiduciary Net Position	-	-	-	-	-
OPEB Plan Fiduciary Net Position - Beginning	-	-	-	-	-
OPEB Plan Fiduciary Net Position - Ending	$ -	$ -	$ -	$ -	$ -
Net OPEB Liability	$ -	$ -	$ -	$ 66,067	$ 125,962
OPEB Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Payroll	$ 3,949,977	$ 4,223,580	$ 3,383,440	$ 3,163,263	$ 2,975,409
Net OPEB Liability as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	2.09%	4.23%

Notes to Schedule:

* When information is available, the required 10 years will be shown. The fiscal year ended June 30, 2020, is the first year of implementation of GASB Statement No. 75 in accordance using the Alternative Measurement Method.

OTHER REPORT

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

To the Board of Directors
Eastern Contra Costa Transit Authority
Antioch, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the Eastern Contra Costa Transit Authority (the Authority) as of and for the fiscal year ended June 30, 2024, and related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 15, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. Our procedures included the applicable audit procedures contained in §6667 of Title 21 of California Code of Regulations and tests of compliance with the applicable provisions of the Transportation Development Act and the allocation instructions and resolutions of the Metropolitan Transportation Commission. 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 audit matters that are required to be reported under *Government Auditing Standards*, the Transportation Development Act, and the Metropolitan Transportation Commission.

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.

This report is intended solely for the information and use of the management, Board of Directors, others within the Authority, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties; however, this restriction is not intended to limit the distribution of this report, which is a matter of public record.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Stockton, California
October 15, 2024

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

None.

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

CONDITION

The Authority did not initially prepare a complete and accurate Schedule of Expenditures of Federal Awards. Expenditures occurred in the period covered by the Authority's financial statements were not properly reported on the Schedule of Expenditures of Federal Awards in that period.

CRITERIA

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

CAUSE OF CONDITION

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

POTENTIAL EFFECT OF CONDITION

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

RECOMMENDATION

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

MANAGEMENT RESPONSE

The Authority will develop a reconciliation and review process to ensure that all Federal expenditures and accrued Federal expenditures are included in the Schedule of Expenditures of Federal Awards.

CURRENT YEAR STATUS

Implemented.