



**WESTERN CONTRA COSTA  
TRANSIT AUTHORITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**WESTERN CONTRA COSTA TRANSIT AUTHORITY  
FOR THE YEAR ENDED JUNE 30, 2021**

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**WESTERN CONTRA COSTA TRANSIT AUTHORITY  
YEAR ENDED JUNE 30, 2021**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Western Contra Costa Transit Authority:

**Report on Financial Statements**

I have audited the accompanying basic financial statements of the Western Contra Costa Transit Authority (Authority) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 the financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects the Net Position of the Authority as of June 30, 2021, the Revenues, Expenses and Changes in Net Position, and the Cash Flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, I have also issued my report dated August 27, 2021, on my consideration of the Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

  
Carathimas & Associates, Certified Public Accountant  
August 27, 2021

**WESTERN CONTRA COSTA TRANSIT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2021**

**INTRODUCTION**

The purpose of Management's Discussion and Analysis (MD&A) is to provide an objective and easily understandable analysis of the Western Contra Costa Transit Authority's (Authority's) financial activities and financial status based on currently known facts, conditions, or decisions as of June 30, 2021.

**FINANCIAL STATEMENTS**

The Authority's financial statements are prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). The Authority is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are tracked separately and are depreciated over their useful lives.

The basic financial information regarding the Authority's performance, financial position, and financial status for fiscal years 2021 and 2020 is presented in tabular form in the following two sections. The "Financial Position" table summarizes the major categories of the Authority's assets, liabilities, and total net position for fiscal years 2021 and 2020. The "Financial Operations" table presents a more detailed breakdown of operating and non-operating revenues and expenses.

**FINANCIAL POSITION SUMMARY**

Total net position may serve over time as a useful indicator of the Authority's financial position. The Authority's assets exceeded liabilities by about \$15,616,100 at June 30, 2021, an increase of \$2,351,000 from June 30, 2020.

A condensed summary of the Authority's statement of net position at June 30, 2021 and 2020 is shown below:

### Summary of Net Position

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
<b>ASSETS:</b>		
Current Assets	\$ 4,484,642	\$ 5,262,601
Capital Assets (Net of Accumulated Depreciation)	<u>16,050,974</u>	<u>13,634,342</u>
Total Assets	20,535,616	18,896,943
Deferred Outflows of Resources	<u>275,635</u>	<u>265,667</u>
<b>LIABILITIES:</b>		
Current Liabilities	4,411,517	4,860,273
Deferred Capital Funds	73,125	402,328
Net Pension Liability	<u>690,555</u>	<u>605,112</u>
Total Liabilities	5,175,197	5,867,713
Deferred Inflows of Resources	<u>19,917</u>	<u>29,763</u>
<b>NET POSITION:</b>		
Net Investment in Capital Assets	16,050,974	13,634,342
Unrestricted	<u>(434,837)</u>	<u>(369,208)</u>
<b>Total Net Position</b>	<b><u>\$ 15,616,137</u></b>	<b><u>\$ 13,265,134</u></b>

The largest portion of the Authority's net position represents its investment in capital assets (e.g. land, buses, buildings, improvements, and equipment). The Authority uses these capital assets to provide services to its passengers and employees; and consequently, these assets are not available for future spending. Since funding for capital acquisition comes largely from Federal Transit Administration (FTA) sources outside of the Authority's operating budget, the Authority's change in net position value will typically increase dramatically in years new or replacement vehicles are acquired, and decline at a relatively steady rate in years the Authority acquires no capital. Capital assets, net of accumulated depreciation, increased by about \$2,416,600 during the year ended June 30, 2021 because capital assets purchased was more than depreciation expense of \$2,299,400. Capital assets purchased increased from \$483,700 in 2020 to \$4,716,000 in 2021.

The net pension liability of \$690,555 is recognized at June 30, 2021, along with the related deferred outflows and inflows of resources, per GASB Statement No. 68, Accounting and Financial Reporting for Pensions. The unrestricted net position of (\$434,837) represents the unfunded pension liability as of June 30, 2021.

**FINANCIAL OPERATIONS SUMMARY**

A condensed summary of the Authority’s revenues, expenses, and changes in net position for the years ended June 30, 2021 and 2020 is shown below:

**Summary of Revenues, Expenses, and Changes in Net Position**

	<u>FY 2021</u>	<u>FY 2020</u>
Operating Revenues	<u>\$ 275,867</u>	<u>\$ 1,891,477</u>
Operating Expenses:		
Operations	8,707,943	9,235,998
General and Administrative	1,364,101	1,288,997
Maintenance - Vehicles	1,594,745	1,548,900
Maintenance - Other	237,116	231,028
Depreciation	<u>2,299,389</u>	<u>2,350,040</u>
Total Operating Expenses	<u>14,203,294</u>	<u>14,654,963</u>
Non-Operating Revenues (Expenses):		
Interest Income	4,604	8,284
Other Non-Operating Revenue	18,900	-
Operating Assistance from Governmental Agencies	11,538,905	10,395,410
Capital Contributions	<u>4,716,021</u>	<u>483,733</u>
Total Non-Operating Revenues	<u>16,278,430</u>	<u>10,887,427</u>
Change in Net Position	2,351,003	(1,876,059)
Total Net Position - Beginning	<u>13,265,134</u>	<u>15,141,193</u>
<b>Total Net Position - Ending</b>	<b><u>\$ 15,616,137</u></b>	<b><u>\$ 13,265,134</u></b>

During the year ended June 30, 2021, operating revenues decreased approximately \$1,615,600, due to decreased fare box receipts, reflecting the dramatic impact of COVID-19 on ridership. Total operating expenses, not including depreciation, decreased by \$401,000. The majority of this resulted from a decrease of \$313,800 in fuel costs.

Depreciation decreased by about \$50,700 for a total decrease of \$451,700 in operating expenses, including depreciation.

Operating assistance for the year increased about \$1,143,500, mostly due to a large allocation of Federal assistance funds to offset the decrease in fare box receipts resulting from the COVID-19 pandemic. Capital contributions available to the Authority increased by about \$4,232,300 in fiscal year 2021. This is due to this year's significantly larger capital program and the corresponding change in Federal and State capital funding.

### **CAPITAL ACQUISITIONS**

During fiscal year 2021, the Authority purchased five new vehicles with \$2,981,200 of FTA, AB664, STA-State of Good Repair, PTMISEA and prior year TDA funds. The Authority initiated a major project to replace its bus wash equipment three years ago, and expended an additional \$927,500 of Measure J and prior year TDA funds this year. The overall cost of the project is estimated at \$2.88 million. Work commenced in September, 2020 with an anticipated completion date in November, 2021. \$723,700 of federal and prior year TDA capital funds were spent on the AVL project. Office equipment and facility upgrades accounted for \$55,700 in capital asset additions, which were funded by prior year TDA capital contributions. COVID-19 barriers for vehicles were purchased with \$27,900 of Federal CARES Act capital funds.

### **CURRENT FACTORS**

Since March, 2020, when the first COVID-19 Shelter in Place order was issued by the Contra Costa Health Officer, the pandemic has caused significant and sustained damage to the Authority's operations and finances. Until the pandemic is brought under control, it will be impossible to assess the extent to which traditional funding sources and operating costs will be impacted, and the ways in which the virus will affect passenger demand for public transit services. The pandemic has forced the Authority to suspend fare collection (from March, 2020 through January, 2021) and to impose strict limits on the number of passengers allowed to board its vehicles in compliance with public health guidelines to ensure social distancing can be achieved and maintained. These boarding limits were lifted in June, 2021 to coincide with changes to State COVID-19 guidance.

The Authority faces many uncertainties in planning for a post-COVID future. These include the extent to which the current surge in COVID infections (associated with the Delta variant) will continue to impact the Bay Area economy and the demand for public transportation. It is also unclear whether transit's traditional roles and priorities will have to evolve to respond to changes in travel patterns within the region (telecommuting, etc.).

COVID impacts on the national economy could also have a major impact on the Authority's future. The Authority is scheduled to replace approximately one sixth of its fixed route vehicle fleet over the next 3 years, and it will face a State mandate to transition to more expensive zero-emission vehicles. The Federal government has historically covered 80% of the replacement cost of the vehicles, while stipulating that the remaining 20% match must be funded from local sources. In the wake of the unprecedented levels of Federal financial assistance authorized during the pandemic, it is unclear whether congress can maintain transit capital support at historic levels.



To cover the replacement needs alone, the Authority will need to assemble approximately \$1.4 million in local capital funding to satisfy the local match requirement on the Federal assets, and to cover other capital needs for which there will be no Federal support. Historically, the San Francisco region has made toll bridge revenues available for local match purposes, however toll bridge revenue in recent years has been insufficient to completely match the Federal funds, and this funding has been further reduced by the significant drop in traffic volumes on the region's bridges since March, 2020. The Authority will likely need to use its own Transportation Development Act funding to complete the purchases, thereby reducing the revenue available to fund ongoing operating costs.

In June, 2018, voters approved Regional Measure 3, which will raise bridge tolls on Bay Area bridges by up to \$3. The Authority has two significant projects included on the RM-3 project list submitted to the Metropolitan Transportation Commission (MTC) by the Contra Costa Transportation Authority. One project would provide five million dollars for improvements and expansion of the Authority's operations and maintenance facility, and the second project would provide an additional five million dollars for acquisition of expansion commuter coaches for Transbay express service. A taxpayer group has filed a lawsuit attempting to invalidate Regional Measure 3, and despite the fact that RM-3 has survived two legal challenges, these rulings remain under appeal. It is also unclear whether efforts now underway in the Bay Area to restructure the transit network in the MTC region may alter the project list for RM-3 funding, threatening WCCTA's fleet and operations facility expansion projects.

**WESTERN CONTRA COSTA TRANSIT AUTHORITY**  
**STATEMENT OF NET POSITION**  
**June 30, 2021**

**ASSETS**

Current Assets:

Cash	\$ 3,119,973
Accounts Receivable	344,835
Grants Receivable	984,328
Prepaid Expenses	35,506
Total Current Assets	\$ 4,484,642

Non-Current Assets:

Capital Assets (Net of Accumulated Depreciation)	\$ 16,050,974
Total Non-Current Assets	\$ 16,050,974

**Total Assets**

\$ 20,535,616

Deferred Outflows of Resources:

Total Deferred Outflows of Resources	\$ 275,635
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**LIABILITIES**

Current Liabilities:

Accounts Payable and Accrued Liabilities	\$ 663,804
Deferred Operating Funds	789,396
Payable to Metropolitan Transportation Commission	2,958,317
Total Current Liabilities	\$ 4,411,517

Non-Current Liabilities:

Deferred Capital Funds	\$ 73,125
Net Pension Liability	690,555
Total Non-Current Liabilities	\$ 763,680

**Total Liabilities**

\$ 5,175,197

Deferred Inflows of Resources:

Total Deferred Inflows of Resources	\$ 19,917
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**NET POSITION**

Net Investment in Capital Assets	\$ 16,050,974
Unrestricted	(434,837)
Total Net Position	\$ 15,616,137

See accompanying notes to financial statements.

**WESTERN CONTRA COSTA TRANSIT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**Year Ended June 30, 2021**

**OPERATING REVENUES**

Passenger Fares	\$ 250,867
Advertising Revenues	25,000
<b>Total Operating Revenues</b>	<u>275,867</u>

**OPERATING EXPENSES**

Operations	8,707,943
General and Administrative	1,364,101
Maintenance - Vehicles	1,594,745
Maintenance - Other	237,116
Depreciation	2,299,389
<b>Total Operating Expenses</b>	<u>14,203,294</u>

**Operating Loss** (13,927,427)

**NON-OPERATING REVENUES (EXPENSES)**

Interest Revenue	4,604
Other Non-Operating Revenues (Expenses)	18,900
Operating Assistance:	
Bay Area Rapid Transit District	3,269,811
Transportation Development Act	365,517
State Transit Assistance	1,019,170
Low Carbon Transit Operations Program	308,872
Regional Measure 2	824,035
Measure J	1,813,023
Federal Transit Administration	3,938,477
<b>Net Non-Operating Revenues</b>	<u>11,562,409</u>

**Loss Before Capital Contributions** (2,365,018)

**CAPITAL CONTRIBUTIONS** 4,716,021

**Change in Net Position** 2,351,003

Net Position, July 1, 2020 13,265,134

**Net Position, June 30, 2021** \$ 15,616,137

See accompanying notes to financial statements.

**WESTERN CONTRA COSTA TRANSIT AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**Year Ended June 30, 2021**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from passengers	\$ 271,828
Payments to employees for services	(1,431,564)
Payments to suppliers for goods and services	(11,105,275)
Receipts from advertisers	27,083
<b>Cash Used by Operating Activities</b>	<u>(12,237,928)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest received	<u>4,604</u>
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**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

Operating assistance received	<u>12,064,841</u>
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**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Purchase of capital assets	(4,660,071)
Sale of assets and other non-operating	18,900
Capital grants received	4,154,210
<b>Cash Received (Used) by Capital and Related Financing Activities</b>	<u>(486,961)</u>

<b>Increase (decrease) in cash</b>	(655,444)
Cash, July 1, 2020	<u>3,775,417</u>
<b>Cash, June 30, 2021</b>	<u><u>\$ 3,119,973</u></u>

**Reconciliation of Cash Flows from Operating**

**Activities to Operating Loss:**

Cash used by operating activities	\$ (12,237,928)
Depreciation	(2,299,389)
Increase (decrease) in accounts receivable	100,904
Increase (decrease) in prepaid expenses	7,868
Increase (decrease) in deferred outflows of resources - pensions	9,968
Decrease (increase) in accounts payable and accrued liabilities	566,747
Decrease (increase) in net pension liabilities	(85,443)
Decrease (increase) in deferred inflows of resources - pensions	9,846
Operating loss	<u><u>\$ (13,927,427)</u></u>

See accompanying notes to financial statements.

**WESTERN CONTRA COSTA TRANSIT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 – ORGANIZATION**

The Western Contra Costa Transit Authority (Authority) was organized as a separate legal entity in August 1977 by a Joint Exercise of Powers Agreement between Contra Costa County, City of Pinole and City of Hercules. The Authority is governed by a seven-member Board of Directors. Three board members are appointed by the County’s Board of Supervisors and two each are from the city councils of Hercules and Pinole.

The Authority provides fixed route and “dial-a-ride” public transit services throughout Western Contra Costa County. WestCAT, a service of the Authority, provides local, express, and regional service to the cities of Pinole and Hercules and the unincorporated communities of Montalvin Manor, Tara Hills, Bayview, Rodeo, Crockett, and Port Costa. The agency operates eight local fixed routes, and three express routes to BART. In addition, the agency operates three weekday only regional bus routes – service between Martinez and El Cerrito del Norte BART station, between Hercules and San Francisco, and from Hercules to Contra Costa College.

The Authority’s operations are funded primarily through Transportation Development Act (TDA) Article 4 funds, and State Transit Assistance funds. The Authority also receives TDA Article 4.5 funding to provide transportation for seniors and disabled passengers. The Authority has contracted with an independent contractor, MV Transportation, for most operating activities.

The Authority has an agreement with the Bay Area Rapid Transit District (BART) whereby the Authority operates express bus service in the Interstate 80 corridor of western Contra Costa County to and from BART. The agreement requires BART to provide sufficient funding annually, through the Metropolitan Transportation Commission (MTC), to cover the annual operating and capital costs of the service.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liability is incurred, regardless of the timing of the related cash flows.

The accounts of the Authority are organized on the basis of an enterprise fund. Its activities are accounted for with a set of self-balancing accounts that comprise the Authority’s assets, liabilities, net position, revenues and expenses. Enterprise funds account for activities: (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; (ii) that are required by laws or regulations that the activity’s cost of providing services, including capital costs (such as depreciation or debt service) be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the Authority are charges to passengers for transportation services provided. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

### **Cash Equivalents**

For purposes of the statement of cash flows, the Authority's deposits in the Local Agency Investment Fund (LAIF) are, in substance, demand deposits and are therefore considered cash equivalents. Restricted investments are not considered a cash equivalent.

### **Accumulated Vacation and Sick Leave**

By Authority policy, employees can carry up to twenty days of vacation benefits. The Authority has accrued \$37,195 for this liability at June 30, 2021.

Sick leave benefits are accumulated up to 30 days for each employee. The employees do not gain a vested right to accumulated sick leave. Accumulated employee sick leave benefits are not recognized as liabilities of the Authority since payment of such benefits is not probable. Sick leave benefits are recorded as expenses in the period that sick leave is taken.

### **Capital Assets**

Capital assets are accounted for on the historical cost basis. Depreciation is recorded on a straight-line basis over five to sixteen years for equipment and vehicles, and over 31.5 years for facilities. The Authority capitalizes all capital assets acquired with capital contributions.

### **Operating Assistance**

Grants are reported as non-operating revenue as soon as all eligibility requirements have been met.

### **Net Position**

Net Position is reported in the following categories:

- Net Investment in Capital Assets – This category groups all capital assets into one category. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted net position are available, unrestricted resources are used only after the restricted resources are depleted.
- Unrestricted Net Position – This category represents net position of the Authority, not restricted for any project or other purpose.

### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

### NOTE 3 – CASH AND INVESTMENTS

Cash and investments at June 30, 2021 consisted of the following:

Cash in bank and on hand	\$ 2,262,645
Cash with Local Agency Investment Fund	<u>857,328</u>
Total cash and investments	<u>\$ 3,119,973</u>

Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation. The remainder of these cash deposits are entirely collateralized by the bank holding the deposit. California law requires banks to pledge government securities with a market value of 110% of the deposit as collateral for all public agency deposits. This collateral remains with the institution, but is considered to be held in the Authority's name and places the Authority ahead of general creditors of the bank.

The Authority invests cash in the Local Agency Investment Fund. The pooled funds are carried at cost, which approximates market value. Investment earnings, gains and losses are proportionately shared by all participants in the pool.

### 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 all assets when acquired with capital contributions.

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 - 31.5 years
Transit Vehicles	5-16 years
Shop, office and other equipment	5-10 years

	<i>Balance</i> <i>June 30, 2020</i>	<i>Additions</i>	<i>Retirements</i>	<i>Depreciation</i>	<i>Balance</i> <i>June 30, 2021</i>
Facilities (at cost)	\$ 7,800,702	\$ 930,280			\$ 8,730,982
Transportation Equipment (at cost)	26,571,940	3,732,780	\$ (2,753,021)		27,551,699
Other Equipment (at cost)	481,995	52,961	(44,500)		490,456
Total Capital Assets	34,854,637	4,716,021	(2,797,521)		36,773,137
Less Accumulated Depreciation	(21,220,295)		2,797,521	\$ (2,299,389)	(20,722,163)
Net Capital Assets	<u>\$ 13,634,342</u>	<u>\$ 4,716,021</u>	<u>\$ -</u>	<u>\$ (2,299,389)</u>	<u>\$ 16,050,974</u>

## NOTE 5 – OPERATING AND CAPITAL ASSISTANCE

**Bay Area Rapid Transit District** – Operating funds from BART consist of \$3,050,900 in State Transit Assistance (STA) funds and \$214,911 in Transportation Development Act funds.

**Transportation Development Act** – The Transportation Development Act (TDA) creates in each California local jurisdiction a Local Transportation Fund that is funded by ¼ cent from the 7.25 percent retail sales tax collected statewide. The California Board of Equalization returns these funds to the local jurisdiction according to the amount of sales taxes collected in that jurisdiction. TDA funds are allocated to the Authority from Contra Costa County to meet, in part, the Authority’s operating requirements. The allocation is based on population within the Authority’s service area.

**State Transit Assistance** – State Transit Assistance (Proposition 111) funds are allocated to the Authority based on the portion of the Authority’s qualifying revenues as a portion of qualifying revenues statewide and the population of the areas that the Authority serves. The qualifying revenues are property taxes, Measure J funds and other funds generated at the local level, excluding state or federal subsidies.

The Authority spent \$221,794 of STA - State of Good Repair funds for match on vehicles. This was from prior year receipts of \$199,267; and \$95,296 additional funds and \$356 in interest received during fiscal year 2021. This brings the total of unspent STA-SGR funds to \$73,125 included in deferred capital at June 30, 2021.

**Regional Measure 2** –Regional Measure 2 (RM2) raised 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 SB 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.

**Measure J** - The Authority has entered into an agreement with the Contra Costa Transportation Authority (CCTA) pursuant to Contra Costa County Measure J for improvement of bus transit and para-transit services. The Authority must apply funds received under the agreement, including any interest earned thereon, for the specific routes, services, or capital acquisitions approved annually by CCTA.

**Federal Transit Administration** – The Authority received 5307 funds as operating assistance to help support the Authority’s paratransit services, and capital assistance for vehicles and AVL project. CARES Act funds for operating and capital assistance were also received.

**Proposition 1B** – The Authority spent the remaining \$203,060 of prior year deferred capital funds from the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA), and interest of \$404 in fiscal year 2021 - a total of \$203,464 for match on vehicles.

**Low Carbon Transit Operations Program** – The Authority spent \$308,871 for the Spare the Air program. This was comprised of prior year funds of \$74,291, and \$234,279 funds and interest of \$301 received in fiscal year 2021.

**AB 664 East Bay** – The Authority spent \$409,439 in AB 664 funds for match on vehicles in fiscal year 2021.



## **NOTE 6 - PAYABLE TO METROPOLITAN TRANSPORTATION COMMISSION**

TDA regulations require the Authority to return excess operating revenues over operating costs, as defined in section 6634 of the California Code of Regulations, to MTC. The payable to MTC at June 30, 2021 was composed of such excess revenues for fiscal years 2019, 2020 and 2021 for a total of \$2,958,317. Such refundable is reported as a reduction of TDA revenues.

## **NOTE 7 - INSURANCE/JOINT POWERS AGREEMENT**

The Authority secures vehicular, property damage, Employment Risk Management Authority and general liability coverage of up to \$100,000 per incident through its bus operations contractor. Coverage above this amount up to \$25 million per incident is secured through the Authority's participation in the California Transit Insurance Pool (CalTIP), a Joint Powers Authority. Losses over \$25 million per incident are uninsured. CalTIP was formed May 1987 to provide to its members comprehensive and economical insurance for public liability, property and other risks. CalTIP is governed by a board consisting of a representative from each of the 35 member agencies. CalTIP is independent of influence by the member agencies beyond the representation on the governing board. There has been no reduction in the Authority's insurance coverage from the prior year, and no settlement amounts have exceeded insurance coverage for the last three years.

The Authority pays a premium commensurate with the level of coverage requested. Member agencies share surpluses and deficits proportionately to their participation in the CalTIP. During the year ended June 30, 2021, the Authority paid \$593,272 to CalTIP.

Financial information of CalTIP as of and for the year ended April 30, 2020 (the most recent available) was as follows:

Total Assets	\$ 41,196,259
Total Liabilities	\$ 18,200,833
Net Position	\$ 22,995,426
Total Revenues	\$ 14,495,943
Total Expenses	\$ 10,138,727

## **NOTE 8—RETIREMENT PLAN / DEFERRED COMPENSATION PLAN**

The Authority participates in the CalPERS Public Agency Cost-Sharing Multi-Employer Defined Benefit Pension Plan for administrative employees. CalPERS has provided a GASB 68 Accounting Valuation Report for the measurement date of June 30, 2020 upon which the following information has been derived. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications. For purposes of this report the following timeframes are used.

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	June 30, 2019 to June 30, 2020

Since GASB 68 allows a measurement date of up to 12 months before the employer’s fiscal year-end, the report can be used and is used for the fiscal year ending June 30, 2021.

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 rate. The total plan contributions are determined through the CalPERS’ annual valuation process. For public agency cost-sharing plans covered by either the miscellaneous or safety risk pools, the Plan’s actuarially determined rate is based on the estimated amount necessary to pay the Plan’s allocated share of the risk pool’s costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2020, the active employee rate for those hired before 2013 is 7% of annual pay; and for those hired after 2012, the employee rate is 6.75%. The Authority’s employer’s contribution rate for those hired before 2013 is 9.680% of annual payroll, and for those hired after 2012, the employer’s contribution rate is 6.985%; plus the employer unfunded accrued liability (UAL) contribution amount of \$33,146. In addition to post-retirement benefits the Plan provides for sick leave credits and pre-retirement death benefits. A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2020 Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of this report, which can be obtained at CalPERS’ website under Forms and Publications.

The June 30, 2020 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Investment Rate of Return	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS’ Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

The discount rate used to measure the total pension liability was 7.15 percent and reflects the long-term expected rate of return for the Plan net of investment expenses and without reduction for administrative expenses. It was determined by applying stress testing on various other plans and found to be adequate by CalPERS. 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 are developed for each major asset class. The plan’s proportionate share of risk pool pension expense is developed as the sum of the related proportionate shares of various components of the aggregate pension expense. Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

At the start of the measurement period (July 1, 2019) the net pension liability for the plan was \$605,112 and for the measurement period ended June 30, 2020 the Authority’s proportionate share of the Plan’s pension expense is \$176,232.

Deferred outflows of resources as of June 30, 2020 are as follows:

Net Difference Between Expected and Actual Experience	\$ 44,148
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	25,449
Changes in Proportion	62,516
Contributions Subsequent to Measurement Date	<u>143,522</u>
<b>Deferred Outflows of Resources for the Period ended June 30, 2020</b>	<b><u>\$ 275,635</u></b>

Deferred inflows of resources as of June 30, 2020 are as follows:

Changes of Assumptions	\$ (6,110)
Difference in Actual vs. Proportionate Share of Contributions	<u>(13,807)</u>
<b>Deferred Inflows of Resources for the Period ended June 30, 2020</b>	<b><u>\$ (19,917)</u></b>

Supplementary Information	<u>As of June 30, 2020</u>
Plan's Proportion of the Net Pension Liability	.01637%
Plan's Proportionate Share of the Net Pension Liability	\$ 690,555
Plan's Covered-Employee Payroll	\$ 1,043,790
Plan's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	66.16%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	82.03%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 140,839
Actuarially Determined Contribution	\$ 127,032
Contributions Made	<u>(127,032)</u>
Contribution Deficiency (Excess)	\$ -
Covered-Employee Payroll	\$ 1,043,790
Contributions as a Percentage of Covered-Employee Payroll	12.17%

For employees hired before 2013, employees will pay 7% for employees' contribution. Employees hired after January 1, 2013 will be required to pay at least fifty percent (50%) of the total normal costs for their CalPERS defined benefit plan, which was 6.75% for the fiscal year 2020.

For employees hired before May 1, 2007 the Authority contributes 1% of all employees' salaries to International City Managers Association (ICMA), now MissionSquare Retirement, an agent multiple-employer public employee benefit system that administers deferred compensation plans for participating public entities within the State of California. For new hires, the Authority contributes 7% of their salaries to MissionSquare Retirement for the first 1,000 hours of employment, after which, the employees are enrolled in CalPERS. There were no new employees hired during the fiscal year 2021.

The Authority's payroll for employees covered by CalPERS for the year ended June 30, 2021 was \$1,043,029. The Authority contributed \$143,522 to CalPERS, which includes the employer UAL contribution amount of \$41,482; and \$5,485 to MissionSquare Retirement, for a total of \$149,007.

All full time and regular part time Authority employees are eligible to participate in MissionSquare Retirement. Employees are allowed to defer a percentage of their salary into the plan. Employees determine how their account balance is invested within a certain array of investment options. Benefits vest immediately. Upon retirement, the employees can select from various payout options.

#### **NOTE 9 – CONCENTRATIONS**

The Authority receives a significant amount of its support from funding administered by the State of California, including sales tax revenues from the Local Transportation Fund and diesel tax proceeds through the State Transit Assistance (STA) program. The STA program is also the source of payments made to the Authority by the BART system. A significant reduction in the level of this support, if this was to occur, may have a significant effect on the operations of the Authority.

#### **NOTE 10 – CONTINGENCIES**

The Authority receives funding from various governmental agencies that are subject to review and audit. Such audits could result in a request for reimbursement for expenses disallowed under the terms and conditions of the contracts. It is the opinion of management that no material liabilities will result from such potential audits.

#### **NOTE 11 – COVID-19**

The COVID-19 pandemic has caused unprecedented disruption to both the Authority's revenue generating activities, and to the outside funding sources the Authority relies on to support its operations. Fare collection was suspended in March, 2020, and was not reinstated until February 1, 2021. Demand for the Authority's transit services dropped by approximately 80% when the first shelter in place orders took effect, and while there have been small increases in the number of system boardings, capacity limits have been implemented throughout the entire 12 months of fiscal year 2021 to ensure that social distancing was maintained on each vehicle. The Authority has taken steps to reduce overall service levels throughout its system, while maintaining adequate coverage and scheduled services to meet the mobility needs of essential workers and those without alternative transportation. Federal CARES Act assistance has allowed the Authority to meet its financial obligations without drawing down its reserves in both fiscal years 2020 and 2021. As the pandemic continues, however, the Authority will experience significant financial challenges, and may be required to reassess the services it now provides to the community and the region.

COVID-19 related expenses of \$801,552 for fiscal year 2021 are included in operations expenses on the Statement of Revenue, Expenses and Changes in Net Position.

## **NOTE 12 – SUBSEQUENT EVENTS**

These financial statements considered subsequent events through August 27, 2021 the date the financial statements were available to be issued. The Authority's management has evaluated events and transactions subsequent to June 30, 2021 for potential recognition or disclosure in the financial statements. The Authority did not have any subsequent events that required recognition or disclosure in the financial statements for the year ended June 30, 2021. Subsequent events have been evaluated through August 27, 2021 the date the financial statements became available to be issued. The entity has not evaluated subsequent events after August 27, 2021.

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

To the Board of Directors  
Western Contra Costa Transit Authority:

I 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 financial statements of the Western Contra Costa County Transit District, the Authority, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 27, 2021.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Authority's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, I 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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, I 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards or State grant program requirements.

## **Purpose of this Report**

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

*Carathimas & Associates*  
Carathimas & Associates, Certified Public Accountant  
August 27, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
Western Contra Costa Transit Authority:

**Report on Compliance for Each Major Federal Program**

I have audited Western Contra Costa Transit Authority (Authority), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2021. 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.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

My responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the Authority's compliance.

**Opinion on Each Major Federal Program**

In my opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.



## **Report on Internal Control Over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Authority's 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 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.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material. However, material weaknesses may exist that have not been identified.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

I have audited the financial statements of the Authority, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. I issued my report thereon dated August 27, 2021, which contained an unmodified opinion on those financial statements. My 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 is presented for purposes of additional analysis as required by Uniform Guidance 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my 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.

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.

*Carathimas & Associates*  
Carathimas & Associates, Certified Public Accountant  
August 27, 2021

**WESTERN CONTRA COSTA TRANSIT AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2021**

Grantor or Pass Through Agency	Program Title	Federal CFDA Number	Other Identification Number	Current Year Expenditures			Foot- notes
				Direct	Pass Through	Total	
<u>U.S. Dept of Transportation</u>							
Federal Transit Administration	Federal Transit_Formula Grants (Sec 5307 Capital Assistance)	20.507	CA-2017-051-01	\$ 344,513	\$	344,513	1,2,3
	Federal Transit_Formula Grants (Sec 5307 Capital Assistance)	20.507	CA-2019-098-00	2,435,850		2,435,850	1,2,3
	Federal Transit_Formula Grants (Sec 5307 CARES Act)	20.507	CA-2020-075-02	3,717,884		3,717,884	1,2,3
	Federal Transit_Formula Grants (Sec 5307 ADA Paratransit Set-Aside)	20.507	CA-2020-091-00	248,485		248,485	1,2,3
	<b>Total CFDA Number 20.507</b>			<b>6,746,732</b>	<b>-</b>	<b>6,746,732</b>	
	<b>Total U.S. Department of Transportation</b>			<b>6,746,732</b>	<b>-</b>	<b>6,746,732</b>	
	<b>Total Federal Financial Assistance</b>			<b>\$ 6,746,732</b>	<b>\$ -</b>	<b>\$ 6,746,732</b>	

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**WESTERN CONTRA COSTA TRANSIT AUTHORITY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2021**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Western Contra Costa Transit Authority under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the Authority's operations, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the Authority.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenses reported on the Schedule are reported on the accrual basis of accounting. Such expenses are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments wherein certain types of expenses are not allowable or are limited as to reimbursement. The Authority did not elect to use any cost rate, including a de minimus cost rate.

**NOTE 3 – DIRECT AND INDIRECT (PASS-THROUGH) FEDERAL AWARDS**

Federal awards may be granted directly to the Authority by a federal granting agency or may be granted to other government agencies which pass-through federal awards to the Authority. The Schedule includes both of these types Federal award programs when they occur.

**NOTE 4 – PASS-THROUGH TO SUBRECIPIENTS**

There were no subrecipients of the Authority's programs during the year.

**WESTERN CONTRA COSTA TRANSIT AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**A. Summary of Auditor's Results**

- |   |            |
|---|------------|
| 1. Type of auditor's report issued:   | Unmodified |
| 2. Internal controls over financial reporting:  |            |
| a. Material weaknesses identified   | No         |
| b. Significant deficiencies identified not considered to be material weaknesses?                    | No         |
| 3. Noncompliance material to financial statements under <i>Government Auditing Standards</i> noted? | No         |

Federal Awards

- |  |            |
|--|------------|
| 1. Internal control over major programs:   |            |
| a. Material weaknesses identified?   | No         |
| b. Significant deficiencies identified not considered to be material weaknesses?                                       | No         |
| 2. Type of auditor's report issued on compliance for major programs:   | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular 2 CFR Section 200.516(a)? | No         |

4. Identification of major programs:

CFDA Number

20.507

Name of Federal Program

Federal Transit Administration

- |   |            |
|---|------------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs? | \$ 750,000 |
| 6. Auditee qualified as a low-risk auditee under 2 CFR Section 200.516(a)?  | Yes        |

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

To the Board of Directors  
Western Contra Costa Transit Authority

I have audited in accordance with the 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 financial statements of Western Contra Costa Transit Authority (Authority), as of and for the year ended June 30, 2021, and the related notes to the financial statements, and have issued my report thereon dated August 27, 2021.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of 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 Authority'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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters (including State grant programs)**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, I 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 determination of financial statement amounts. My 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 (TDA) 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my 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, the TDA, and State grant programs in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Carathimas & Associates, Certified Public Accountant  
August 27, 2021

**WESTERN CONTRA COSTA TRANSIT AUTHORITY**  
**SCHEDULE OF REFUNDABLE TO METROPOLITAN TRANSPORTATION COMMISSION**  
**Year Ended June 30, 2021**

<b>OPERATING REVENUES</b>	
Passenger Fares	\$ 250,867
Advertising Revenue	25,000
	<hr/>
<b>Total Operating Revenues</b>	275,867
 <b>OPERATING EXPENSES</b>	
Operations	8,707,943
General and Administrative	1,298,472
Maintenance – Vehicles	1,594,745
Maintenance – Other	237,116
	<hr/>
<b>Total Operating Expenses</b>	11,838,276
	<hr/>
<b>Operating Loss</b>	(11,562,409)
 <b>NON-OPERATING REVENUES</b>	
Interest Income	4,604
Other Non-Operating Revenues	18,900
Operating Assistance and Grants From Governmental Agencies:	
Bay Area Rapid Transit District	3,269,811
Transportation Development Act	1,467,208
State Transit Assistance	1,019,170
Low Carbon Transit Operations Program	308,872
Regional Measure 2	824,035
Measure J	1,813,023
Federal Transit Administration	3,938,477
	<hr/>
<b>Total Non-Operating Revenues</b>	12,664,100
	<hr/>
<b>Refundable to Metropolitan Transportation Commission</b>	<b>\$ 1,101,691</b>
	<hr/> <hr/>