



**WESTERN CONTRA COSTA
TRANSIT AUTHORITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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**WESTERN CONTRA COSTA TRANSIT AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2025**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Western Contra Costa Transit Authority
Pinole, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Western Contra Costa Transit Authority (Authority), California, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority as of June 30, 2025, and the respective changes in financial position and cash flows thereof for the 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 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 requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Supplementary Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2025, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Maze + Associates

Pleasant Hill, California
September 18, 2025

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**WESTERN CONTRA COSTA TRANSIT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025**

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, 2025.

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 2025 and 2024 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 2025 and 2024. 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 as a useful indicator of the Authority's financial position over time. The Authority's assets exceeded liabilities by about \$17,245,325 at June 30, 2025, an increase of \$4,736,190 from June 30, 2024.

A condensed summary of the Authority's statement of net position on June 30, 2025, and 2024 is shown below:

Summary of Net Position

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
ASSETS:		
Current Assets	\$ 11,593,745	\$ 9,044,444
Capital Assets (Net of Accumulated Depreciation)	<u>17,682,291</u>	<u>12,946,099</u>
Total Assets	29,276,036	21,990,543
Deferred Outflows of Resources:		
Pension Related	<u>448,482</u>	<u>577,661</u>
LIABILITIES:		
Current Liabilities	11,336,331	8,690,399
Deferred Capital Funds	49,637	266,922
Net Pension Liability	<u>1,047,987</u>	<u>1,047,592</u>
Total Liabilities	12,433,955	10,004,913
Deferred Inflows of Resources:		
Pension Related	<u>45,238</u>	<u>54,156</u>
NET POSITION:		
Net Investment in Capital Assets	17,682,291	12,946,099
Unrestricted	<u>(436,966)</u>	<u>(436,964)</u>
Total Net Position	<u>\$17,245,325</u>	<u>\$12,509,135</u>

The most significant 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; consequently, these assets are not available for future spending. Since funding for capital acquisition comes primarily 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 \$4,736,192 during the year ended June 30, 2025, because capital assets purchased were greater than the depreciation expense of \$2,673,877. Capital assets purchased increased from \$324,696 in 2024 to \$7,410,069 in 2025.

The net pension liability of \$1,047,987 is recognized on June 30, 2025, 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 (\$436,966) represents the unfunded pension liability as of June 30, 2025.

FINANCIAL OPERATIONS SUMMARY

A condensed summary of the Authority's revenues, expenses, and changes in net position for the years ended June 30, 2025, and 2024 is shown below:

Summary of Revenues, Expenses, and Changes in Net Position

	<u>FY 2025</u>	<u>FY 2024</u>
Operating Revenues	<u>\$ 1,474,247</u>	<u>\$ 1,352,020</u>
Operating Expenses:		
Operations	10,450,969	10,754,846
General and Administrative	1,765,818	1,483,025
Maintenance – Vehicles	1,883,540	1,997,657
Maintenance – Other	531,218	480,926
Depreciation	<u>2,673,877</u>	<u>2,259,997</u>
Total Operating Expenses	<u>17,305,422</u>	<u>16,976,451</u>
Non-Operating Revenues (Expenses):		
Interest Income	142,336	88,838
Other Non-Operating Revenue	10,672	35,548
Operating Assistance from Governmental Agencies	<u>13,004,288</u>	<u>13,240,048</u>
Total Non-Operating Revenues	<u>13,157,296</u>	<u>13,364,434</u>
Capital Contributions	7,410,069	372,519
Change in Net Position	4,736,190	(1,887,478)
Total Net Position - Beginning	<u>12,509,135</u>	<u>14,396,613</u>
Total Net Position - Ending	<u>\$17,245,325</u>	<u>\$12,509,135</u>

Due to increased farebox receipts, operating revenues grew by approximately \$122,227 for the year ending June 30, 2025. Total operating expenses, excluding depreciation, decreased by \$84,909. The decline reflects an overall reduction in operating and maintenance costs for fuel and lubricants, tires and tubes, and fees (operations), outside services, and other materials and supplies (vehicle maintenance).

The growth in general and administrative expenses is partly due to the addition of two staff members in FY25: an Accounting Technician in July 2024 and a Grants and Compliance Manager in January 2025. The Authority created the Accounting Technician position in FY25, and the new Grants and Compliance Manager was hired to replace the retiring staff member who previously held the position. The retiring staff member overlapped the incoming Grants and Compliance Manager by one pay period in January 2025 to allow time for orientation and training. Fringe benefit costs increased by about \$62,086 due to annual cost adjustments and adding new staff members. Outside services (admin) increased by about \$94,322 due to additional outside consultation fees (e.g., environmental, WestCAT Evolution, lobbyist, legal).

The rise in maintenance (other) costs is mainly caused by ongoing upgrades and upkeep of an aging facility and equipment, which is part of the ongoing facility maintenance and modernization project that started in FY23.

Capital contributions available to the Authority increased by approximately \$7,037,550 in fiscal year 2025. This rise is primarily due to this year's larger capital program, especially purchasing sixteen (16) replacement vehicles for the Dial-A-Ride and Fixed Route modes.

CAPITAL ACQUISITIONS

During FY25, the Authority purchased six (6) 2024 Gillig 35 ft. low-floor transit buses with GFI fareboxes (\$4,556,277) using a combination of available capital funds (FTA 5307, TDA, and STA SGR), including (\$23,512) in TDA capital funds for radios, bike racks, and final inspection of the new buses. The Authority also purchased Ten (10) ARBOC Dial-A-Ride vehicles (\$2,522,457) using a combination of available capital funds (FTA 5307, TDA, STA SGR, and AB 664).

The Authority continued its multi-year facility maintenance and modernization project that began in FY23. FY25 marked the third year of this ongoing effort. Maintenance (other) costs increased mainly due to ongoing upgrades and the upkeep of an aging facility and equipment related to this project. This multi-year initiative included upgrades to offices, furniture, and equipment throughout the building, improvements to the IT/server room, and installing a new HVAC system. It also involved exterior repairs and upgrades, such as removing a large, hazardous tree directly in front of the administrative office entrance and redoing the bus wash plumbing due to a leak beneath its foundation (\$195,616).

The Authority also purchased new maintenance equipment for vehicle work (\$54,417), replacing outdated, non-functioning tools and adding new ones to improve in-house repairs, which reduced outside service expenses.

Additionally, the Authority acquired new communications and information technology systems equipment and implemented a new financial platform (\$57,790), all funded with prior-year TDA capital funds.

CURRENT FACTORS

While all revenue sources available to the Authority are subject to year-to-year fluctuations in response to regional, state, and national economic changes, the Authority has no control and little ability to predict such fluctuations. Several other factors, however, are also largely outside the Authority's control and may dramatically affect the Authority's long-term financial condition. All current funding programs that the Authority receives, both for operational and capital needs, can be impacted by external forces

The Authority faces 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.

The Authority was the recipient of an FTA Low-No grant, which will help comply with the mandate, as the grant will fund necessary capital infrastructure improvements needed to operate zero-emission vehicles safely. The local funding for this project (Regional Measure 3) was recently approved by the Metropolitan Transportation Commission.

The Authority has undertaken a Comprehensive Operations Analysis to look into the most effective and efficient way to deploy transit throughout the Authority's service area and the larger region that we serve. It is clear that transit's traditional roles and priorities will have to evolve to respond to changes in travel patterns within the region.

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WESTERN CONTRA COSTA TRANSIT AUTHORITY
STATEMENT OF NET POSITION
June 30, 2025

ASSETS

Current Assets:

Cash	\$5,551,662
Accounts Receivable	278,126
Grants Receivable	5,605,226
Prepaid Expenses	158,731
Total Current Assets	11,593,745

Non-Current Assets:

Capital Assets, depreciable (Net of Accumulated Depreciation)	17,682,291
Total Non-Current Assets	17,682,291

Total Assets

29,276,036

Deferred Outflows of Resources:

Pension related	448,482
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LIABILITIES

Current Liabilities:

Accounts Payable and Accrued Liabilities	388,223
Deferred Operating Funds	1,552,469
Payable to Metropolitan Transportation Commission	9,395,639
Total Current Liabilities	11,336,331

Non-Current Liabilities:

Deferred Capital Funds	49,637
Net Pension Liability	1,047,987
Total Non-Current Liabilities	1,097,624

Total Liabilities

12,433,955

Deferred Inflows of Resources:

Pension related	45,238
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NET POSITION

Net Investment in Capital Assets	17,682,291
Unrestricted	(436,966)

Total Net Position

\$17,245,325

See accompanying notes to financial statements.

WESTERN CONTRA COSTA TRANSIT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2025

OPERATING REVENUES

Passenger Fares	\$1,441,707
Advertising Revenues	32,540
Total Operating Revenues	<u>1,474,247</u>

OPERATING EXPENSES

Operations	10,450,969
General and Administrative	1,765,818
Maintenance - Vehicles	1,883,540
Maintenance - Non Vehicles	394,816
Maintenance - Other	136,402
Depreciation	2,673,877
Total Operating Expenses	<u>17,305,422</u>

Operating Loss (15,831,175)

NON-OPERATING REVENUES (EXPENSES)

Interest Revenue	142,336
Other Non-Operating Revenues	10,672
Operating Assistance:	
Bay Area Rapid Transit District	2,960,076
Transportation Development Act	404,453
State Transit Assistance	3,817,518
Low Carbon Transit Operations Program	42,892
Regional Measure 2	1,079,023
Regional Measure 3	2,502,177
Measure J	2,198,149
Net Non-Operating Revenues	<u>13,157,296</u>

Loss Before Capital Contributions (2,673,879)

CAPITAL CONTRIBUTIONS 7,410,069

Change in Net Position 4,736,190

Net Position, July 1, 2024 12,509,135

Net Position, June 30, 2025 \$17,245,325

See accompanying notes to financial statements.

WESTERN CONTRA COSTA TRANSIT AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from passengers	\$1,504,634
Payments to employees for services	(1,645,162)
Payments to suppliers for goods and services	(12,078,082)
Receipts from advertisers	32,540
Cash Used by Operating Activities	<u>(12,186,070)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>142,336</u>
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CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Operating assistance received	<u>13,004,288</u>
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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of capital assets	(7,410,069)
Sale of assets and other non-operating	10,672
Capital grants received	7,410,069
Cash Received (Used) by Capital and Related Financing Activities	<u>10,672</u>

Increase (decrease) in cash 971,226

Cash, July 1, 2024 4,580,436

Cash, June 30, 2025 \$5,551,662

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating loss	(\$15,831,175)
Depreciation	2,673,877
Increase (decrease) in accounts receivable	62,927
Increase (decrease) in grants receivable	(2,116,631)
Increase (decrease) in prepaid expenses	475,629
Increase (decrease) in deferred outflows of resources - pensions	129,179
Decrease (increase) in accounts payable and accrued liabilities	2,332,197
Decrease (increase) in deferred operating funds	96,450
Decrease (increase) in net pension liabilities	395
Decrease (increase) in deferred inflows of resources - pensions	(8,918)
Net cash provided (used) by operating activities	<u><u>(\$12,186,070)</u></u>

See accompanying notes to financial statements.

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WESTERN CONTRA COSTA TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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.

WESTERN CONTRA COSTA TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$69,466 for this liability at June 30, 2025.

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.

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.

WESTERN CONTRA COSTA TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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 generally accepted accounting principles. 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.

Lease and Subscription-Based Information Technology Arrangements (SBITA) Accounting

A lease or SBITA is defined as a contract that conveys control of the right to use another entity's nonfinancial assets (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land vehicles, equipment and software. The Authority's policy is to evaluate leases and SBITAs annually. Any material lease or SBITA, defined as having a net present value greater than one percent (1.0%) of the five-year average of annual total assets, shall be reported in accordance with GASB Statement No. 87 (GASB 87) and GASB Statement No. 96 (GASB 96) as appropriate. As of June 30, 2025 the Authority did not have any leases or SBITAs meeting this threshold.

WESTERN CONTRA COSTA TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 – CASH AND INVESTMENTS

Cash and investments at June 30, 2025 consisted of the following:

Cash in bank and on hand	\$929,792
Cash with Local Agency Investment Fund (LAIF)	<u>4,621,870</u>
Total Cash and Investment	<u><u>\$5,551,662</u></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 is a voluntary participant in LAIF that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the Town's investment in this pool as reported in the accompanying financial statements is based upon the Entity's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio).

The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are U.S. Treasuries, Federal Agency obligations, time deposits, negotiable certificates of deposits, commercial paper, corporate bonds, and security loans. At June 30, 2025, the average life on investment funds invested by LAIF was 248 days.

NOTE 4 – CAPITAL ASSETS

Capital assets of the Authority consist of transit facilities, transportation equipment and other equipment. Capital assets are recorded at historical 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:

	Useful life
Building and Improvements	5 - 31.5 Years
Transit Vehicles	5 - 16 Years
Shop, office and other equipment	3 - 10 years

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

NOTE 4 – CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2025, were as follows:

	Balance June 30, 2024	Additions / Adjustments	Retirements	Balance June 30, 2025
Facilities	\$9,839,808	\$192,104	(\$1,417)	\$10,030,495
Transportation Equipment	25,575,440	7,102,247		32,677,687
Other Equipment	599,850	115,718	(48,328)	667,240
Total Capital Assets	36,015,098	7,410,069	(49,745)	43,375,422
Less Accumulated Depreciation	(23,068,999)	(2,673,877)	49,745	(25,693,131)
Capital assets, net	\$12,946,099	\$4,736,192		\$17,682,291

NOTE 5 – OPERATING AND CAPITAL ASSISTANCE

Bay Area Rapid Transit District – Operating funds from BART consist of \$2,550,354 in State Transit Assistance (STA) funds and \$409,722 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 State 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.

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

NOTE 5 – OPERATING AND CAPITAL ASSISTANCE(Continued)

State Transit Assistance- State of Good Repair Program Funds– STA-State of Good Repair (SGR) Program Senate Bill (SB) 1 established the State of Good Repair (SGR) Program. The funds from the SGR Program follow the same state-wide distribution policies as the regular STA program, with a Revenue-Based and Population-Based program. The Authority used \$315,432 of its available STA-SGR capital funds toward the purchase of six (6) 2024 Gillig 35-ft low -floor transit buses and ten (10) 2024 Modell -ARBOC-Mobility 26 paratransit vehicles in fiscal year ended June 30, 2025.

Project Name	Grant Amount	Interest Earned		Expended in Fiscal		Unearned Revenue
		Prior Years	2024-25	Prior Years	2024-25	
SGR Programs						
FY 22 Local Match Vehicle Purchase	\$82,512	\$5,429	\$350	\$5,779	\$82,512	
FY 23 Local Match Vehicle Purchase	85,510	3,956	320	4,276	85,510	
FY 24 Local Match Vehicle Purchase	92,221	811	948	1,539	92,221	\$220
FY 25 Local Match Vehicle Purchase	91,366		645		42,594	49,417
Total State of Good Repair	<u>\$351,609</u>	<u>\$10,196</u>	<u>\$2,263</u>	<u>\$11,594</u>	<u>\$302,837</u>	<u>49,637</u>
Total Unearned Revenues						<u>\$49,637</u>

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.

Regional Measure 3 – 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 Regional Measure 3 Expenditure Plan.

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 used prior year 5307 capital assistance toward the purchase of six (6) 2024 Gillig 35-ft low -floor transit buses w/GFI fareboxes (FTA 5307 \$2,830,854) and ten (10) 2024 Modell -ARBOC-Mobility 26 paratransit vehicles (FTA 5307 \$912,000) during the fiscal year ended June 30, 2025.

Low Carbon Transit Operations Program – The Authority used \$12,405 of its available LCTOP operating funds for the October and December 2024 free fare program during the fiscal year ended June 30, 2025.

AB 664 – The Authority used \$142,108 of its available AB664 capital assistance toward the purchase of ten (10) 2024 Modell -ARBOC-Mobility 26 paratransit vehicles during the fiscal year ended June 30, 2025.

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

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. Due to uncertainties surrounding the revenue available to fund ongoing operating costs through the Authority’s traditional funding sources, the Authority maintains a rolling three-year period in which it returns any unused portions of the TDA Articles 4 and 4.5 funds (two subsections: 99260(a) and 99275) of the California Public Utilities Code it received. According to the underlying TDA allocation instructions issued by the Metropolitan Transportation Commission (MTC), eligible costs must be incurred on or before June 30 of the fiscal year for which funds are allocated. Unused portions must be returned to the County’s Local Transportation Fund (LTF). As of June 30, 2025, the Authority returned \$1,101,691 to the County’s LTF comprising of FY21 funds.

A summary of the portion to be returned to the County’s LTF as of the fiscal year ended June 30 follows:

June 30, 2022	\$2,678,100
June 30, 2023	3,653,045
June 30, 2024	51,727
June 30, 2025	<u>3,012,767</u>
Total	<u>\$9,395,639</u>

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, 2025, the Authority paid \$533,118 to CalTIP.

Financial information of CalTIP as of and for the year ended April 30, 2024 (the most recent available) was as follows:

Total Assets	\$ 49,341,913
Total Liabilities	\$ 22,116,818
Net Position	\$ 27,225,095
Total Revenues	\$ 17,213,795
Total Expenses	\$ 18,206,557

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

NOTE 8 – PENSION PLAN

A. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Authority’s separate Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Authority’s resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan provisions and benefits in effect at June 30, 2025, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-67
Monthly benefits, as a % of eligible compensation	1.426% - 2.418%	1.000% - 2.50%
Required employee contribution rates	7.00%	7.75%
Required employer contribution rates	11.88%	7.87%
Required UAL Contribution	\$73,700	\$0

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

WESTERN CONTRA COSTA TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 – PENSION PLAN (Continued)

For the year ended June 30, 2025, the contributions recognized as part of pension expense for the Plan were as follows:

	<u>Miscellaneous</u>
Contributions - employer	\$182,380

B. Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2025, the Authority reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$1,047,987

The Authority's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2024, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Authority's proportionate share of the net pension liability for the Plan as of June 30, 2023 and 2024 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2023	0.0084%
Proportion - June 30, 2024	0.0217%
Change - Increase (Decrease)	0.0133%

For the year ended June 30, 2025, the Authority recognized pension expense of \$120,656. At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$182,380	
Differences between expected and actual experience	90,608	(\$3,535)
Changes of assumptions	26,935	
Change in proportion and differences between employer contributions and proportionate share of contributions	88,228	(41,703)
Net difference between projected and actual earnings on pension plan investments	60,331	
Total	\$448,482	(\$45,238)

WESTERN CONTRA COSTA TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 – PENSION PLAN (Continued)

\$182,380 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2026	\$97,175
2027	140,945
2028	3,419
2029	(20,675)
Total	<u>\$220,864</u>

Actuarial Assumptions – For the measurement period ending June 30, 2024, the total pension liability was determined by rolling forward the June 30, 2023 total pension liability. The June 30, 2023 total pension liability was based on the following actuarial methods and assumptions.

	Miscellaneous
Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increases	Varies by entry age and service (1)
Investment Rate of Return	6.90% (2)
Mortality Rate Table	Derived using CalPERS' membership data for all funds (3)
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

(1) Depending on age, service, and type of employment.

(2) Net of pension plan investment expenses, including inflation.

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

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

WESTERN CONTRA COSTA TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 – PENSION PLAN (Continued)

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for the assumed administrative expenses of 10 basis points.

The expected real rates of return by asset class are as follows:

Asset Class (a)	New Strategic Allocation	Real Return (a), (b)
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Estate	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	100%	

(a) An expected inflation of 2.30% used for this period.

(b) Figures are based on the 2021 Asset Liability Management study.

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

– The following presents the Authority's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous
1% Decrease	5.90%
Net Pension Liability	\$1,798,525
Current Discount Rate	6.90%
Net Pension Liability	\$1,047,987
1% Increase	7.90%
Net Pension Liability	\$430,185

WESTERN CONTRA COSTA TRANSIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 – PENSION PLAN (Continued)

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 9 – DEFERRED COMPENSATION PLAN

For employees hired before May 1, 2007 the Authority contributes 1% of all employees’ salaries to International City Managers Association (ICMA), now MissionSquare Retirement, a defined contribution 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. The Plan’s trust administrator is Mission Square Retirement, P.O. Box 96220, Washington, DC 20090-6220. There were three new employees hired during the fiscal year 2025.

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. During the fiscal year 2025, the Authority contributed \$8,498 to the plan.

NOTE 10 – 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 11 – 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.

REQUIRED SUPPLEMENTARY INFORMATION

WESTERN CONTRA COSTA TRANSIT AUTHORITY
 Cost-Sharing Multiple-Employer Defined Pension Plan
 Last 10 Years
 SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY AND RELATED RATIOS AS OF
 THE MEASUREMENT DATE

Measurement Date	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
Plan's proportion of the Net Pension Liability (Asset)	0.0295%	0.0151%	0.0136%	0.0138%	0.0151%	0.0164%	0.0116%	0.0077%	0.0084%	0.0217%
Plan's proportion share of the Net Pension Liability (Asset)	\$808,383	\$523,652	\$537,394	\$521,412	\$605,112	\$690,555	\$219,322	\$894,101	\$1,047,592	\$1,047,987
Plan's Covered Payroll	\$647,939	\$690,283	\$863,582	\$891,011	\$914,786	\$1,043,790	\$955,240	\$956,046	\$743,217	\$869,512
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	124.76%	75.86%	62.23%	58.52%	66.15%	66.16%	22.96%	120.30%	140.95%	120.53%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	66.19%	80.31%	81.75%	83.50%	82.57%	82.03%	94.81%	80.46%	79.74%	78.08%

Change in assumption - In 2022, the accounting discount rate decreased from 7.15% to 6.90%.

Cost-Sharing Multiple Employer Defined Pension Plan
 Last 10 Years
 SCHEDULE OF CONTRIBUTIONS

Fiscal Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially determined contribution	\$178,760	\$158,462	\$81,063	\$89,072	\$102,498	\$127,032	\$152,322	\$136,899	\$147,831	\$182,380
Contributions in relation to the actuarially determined contributions	(178,760)	(506,339)	(81,063)	(\$89,072)	(\$102,498)	(\$127,032)	(\$152,322)	(\$136,899)	(\$147,831)	(\$182,380)
Contribution deficiency (excess)	\$0	(\$347,877)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Covered payroll	\$690,283	\$863,582	\$891,011	\$914,786	\$1,043,790	\$955,240	\$956,046	\$743,217	\$869,512	\$1,003,654
Contributions as a percentage of covered payroll	25.90%	18.35%	9.10%	9.74%	9.82%	13.30%	15.93%	18.42%	17.00%	18.17%

SUPPLEMENTARY INFORMATION

WESTERN CONTRA COSTA TRANSIT AUTHORITY
SCHEDULE OF REFUNDABLE TO METROPOLITAN TRANSPORTATION COMMISSION
Year Ended June 30, 2025

OPERATING REVENUES	
Passenger Fares	\$1,441,707
Advertising Revenue	32,540
	<u>1,474,247</u>
Total Operating Revenues	<u>1,474,247</u>
 OPERATING EXPENSES	
Operations	10,450,969
General and Administrative	1,765,818
Maintenance – Vehicles	1,883,540
Maintenance - Non Vehicles	394,816
Maintenance – Other	136,402
	<u>14,631,545</u>
Total Operating Expenses	<u>14,631,545</u>
 Operating Loss	<u>(13,157,298)</u>
 NON-OPERATING REVENUES	
Interest Income	142,336
Other Non-Operating Revenues	10,672
Operating Assistance and Grants From Governmental Agencies:	
Bay Area Rapid Transit District	2,960,076
Transportation Development Act	3,417,222
State Transit Assistance	3,817,518
Low Carbon Transit Operations Program	42,892
Regional Measure 2	1,079,023
Regional Measure 3	2,502,177
Measure J	2,198,149
	<u>16,170,065</u>
Total Non-Operating Revenues	<u>16,170,065</u>
 Refundable to Metropolitan Transportation Commission for June 30, 2025 (see Note 6)	<u>\$3,012,767</u>

**WESTERN CONTRA COSTA TRANSIT AUTHORITY
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS
FOR THE YEAR ENDED JUNE 30, 2025**

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**WESTERN CONTRA COSTA TRANSIT AUTHORITY
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS**

For The Year Ended June 30, 2025

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MEMORANDUM ON INTERNAL CONTROL

To the Board of Directors
Western Contra Costa Transit Authority
Pinole, California

In planning and performing our audit of the basic financial statements of the Western Contra Costa Transit Authority (Authority) as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies in internal control included on the Schedule of Significant Deficiencies to be significant deficiencies.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe are opportunities for strengthening internal controls and operating efficiency.

This communication is intended solely for the information and use of management, Board of Directors, others within the organization, and agencies and pass-through entities requiring compliance with *Government Auditing Standards*, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Maze + Associates".

Pleasant Hill, California
September 18, 2025

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**WESTERN CONTRA COSTA TRANSIT AUTHORITY
MEMORANDUM ON INTERNAL CONTROL**

SCHEDULE OF SIGNIFICANT DEFICIENCY

2024-001 Timely and Accurate Year-End Close

Condition - During the audit, it was brought to our attention by Authority management that a department head had used an Authority issued credit card to make unauthorized purchases of vehicle parts. These transactions occurred between April 2024 and August 2025. The individual provided credit card statements and supporting invoices to the Finance department; however, due to the technical nature of the purchases, Finance staff were unable to discern that the parts were not intended for Authority owned vehicles.

Criteria - As per the Authority's internal financial policies and procedures, credit cards issued by the Authority are to be used exclusively for business related expenses. Personal use of Authority funds or property is prohibited.

Cause - The unauthorized purchases were not detected during routine expense reviews due to a lack of technical knowledge within the Finance department to identify whether vehicle parts purchased were applicable to the Authority's fleet.

Potential Effect - Undetected personal use of Authority funds exposes the Authority to financial loss and the risk of noncompliance.

Recommendation - We recommend that the Authority implement a more robust review process for departmental credit card expenditures, particularly those involving technical or specialized items.

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**WESTERN CONTRA COSTA TRANSIT AUTHORITY
MEMORANDUM ON INTERNAL CONTROL**

SCHEDULE OF OTHER MATTERS

NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE

The following comment represents new pronouncements taking affect in the next few years. We cite them here to keep you informed of developments:

EFFECTIVE FISCAL YEAR 2025/26:

GASB 103 – Financial Reporting Model Improvements

The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues.

Management’s Discussion and Analysis - This Statement continues the requirement that the basic financial statements be preceded by management’s discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government’s financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that “boilerplate” discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

Unusual or Infrequent Items - This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position - This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

**WESTERN CONTRA COSTA TRANSIT AUTHORITY
MEMORANDUM ON INTERNAL CONTROL**

SCHEDULE OF OTHER MATTERS

GASB 103 – Financial Reporting Model Improvements (Continued)

In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

Major Component Unit Information - This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

Budgetary Comparison Information - This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

How the Changes in This Statement Will Improve Financial Reporting

The requirements for MD&A will improve the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. They also will provide clarity regarding what information should be presented in MD&A.

The requirements for the separate presentation of unusual or infrequent items will provide clarity regarding which items should be reported separately from other inflows and outflows of resources.

The definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from government to government, thereby improving comparability. The addition of a subtotal for operating income (loss) and noncapital subsidies will improve the relevance of information provided in the proprietary fund statement of revenues, expenses, and changes in fund net position.

The requirement for presentation of major component unit information will improve comparability.

The requirement that budgetary comparison information be presented as RSI will improve comparability, and the inclusion of the specified variances and the explanations of significant variances will provide more useful information for making decisions and assessing accountability.

REQUIRED COMMUNICATIONS

To the Board of Directors
Western Contra Costa Transit Authority
Pinole, California

We have audited the basic financial statements of the Western Contra Costa Transit Authority (Authority) for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 27, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Accounting Policies – Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except as follows

The following pronouncement became effective, but did not have a material effect on the financial statements:

GASB 101 – Compensated Absences

Unusual Transactions, Controversial or Emerging Areas – We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Estimated Fair Value of Investments: As of June 30, 2025, the Authority held approximately \$5.6 million of cash and investments as measured by fair value as disclosed in Note 3 to the financial statements. Fair value is essentially market pricing in effect as of June 30, 2025. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2025.

Estimate of Depreciation: Management’s estimate of the depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 4 to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Net Pension Liabilities and Pension-Related Deferred Outflows and Inflows of Resources: Management's estimate of the net pension liabilities and deferred outflows/inflows of resources are disclosed in Note 8 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of the Authority. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Disclosures – The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit financial statements taken as a whole.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the Board of Directors.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in a management representation letter dated September 18, 2025.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the required supplementary information that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

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

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

Maze + Associates

Pleasant Hill, California
September 18, 2025