

**WEST CONTRA COSTA TRANSPORTATION
ADVISORY COMMITTEE
BASIC FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

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WEST CONTRA COSTA TRANSPORTATION ADVISORY COMMITTEE
Basic Financial Statements
For the Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
West Contra Costa Transportation Advisory Committee
El Cerrito, California

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the West Contra Costa Transportation Advisory Committee (WCCTAC), California, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise WCCTAC'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 respective financial position of the governmental activities and the major fund and the respective budgetary comparison listed as part of the basic financial statements in the Table of Contents 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. 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 WCCTAC 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 opinions.

Responsibilities of Management's 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 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 WCCTAC'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 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, individually or in the aggregate, they could reasonably be expected to influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted 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 WCCTAC'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 WCCTAC'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.

Maze + Associates

Pleasant Hill, California
February 10, 2023

MANAGEMENT'S DISCUSSION & ANALYSIS (MD&A)

The MD&A is a discussion and analysis of WCCTAC's financial activities for the fiscal year ended June 30, 2022. Please read this document in conjunction with the accompanying Basic Financial Statements.

Organization

This MD&A provides a discussion and analysis of the following:

- Overview of the Financial Report
- WCCTAC's Programs and Projects, and Activities and Accomplishments
- Entity-Wide Financial Statements – Statement of Net Position and Statement of Activities
- Fund Financial Statements – Balance Sheet, Revenues & Expenditures by Program and Agency-wide Budget vs. Actual
- Looking Ahead

Questions Regarding WCCTAC's Financial Management

This Financial Report is intended to provide citizens, members, investors, and creditors with a general overview of WCCTAC's finances. Questions about this Report should be directed to the WCCTAC at 6333 Potrero Avenue, El Cerrito, CA 94530.

OVERVIEW OF THE FINANCIAL REPORT

This Financial Report is presented in two parts:

- 1) Management's Discussion & Analysis (this part), and
- 2) The Basic Financial Statements, which include the Entity-wide and the Fund Financial Statements, along with the Notes to these financial statements.

The Basic Financial Statements

The Basic Financial Statements comprise the Entity-wide Financial Statements and the Fund Financial Statements, which provide two different views of WCCTAC's financial activities and financial position – long-term and short-term, respectively.

The Entity-wide Financial Statements provide a longer-term view of WCCTAC's activities and comprise the *Statement of Net Position* and the *Statement of Activities*. The Statement of Net Position provides information about the financial position of WCCTAC, including all of its capital assets and long-term liabilities on the full accrual basis, which means the flow of all economic resources, are measured. The Statement of Activities provides information about all of WCCTAC's revenues and expenses, also on the full accrual basis, with emphasis on measuring net revenues or expenses of each of WCCTAC's programs. The Statement of Activities explains in detail the change in Net Position for the year.

All WCCTAC's programs are considered to be governmental activities. These programs are supported by program revenues such as grants and member contributions, as well as general revenues such as investment earnings.

The Fund Financial Statements report WCCTAC's operations in more detail than the entity-wide statements and focus primarily on the short-term activities of WCCTAC's General Fund. The Fund Financial Statements measure only current revenues and expenditures, current assets, liabilities, deferred outflows/inflows of resources and fund balances; they exclude capital assets, long-term debt, and other long-term amounts. Governmental Fund Financial Statements are prepared on a modified accrual basis, which means only current financial resources and uses are measured. Comparisons of Budget and Actual financial information are also presented for the General Fund.

WCCTAC'S PROGRAMS AND PROJECTS, AND ACTIVITIES AND ACCOMPLISHMENTS

The following provides a description of WCCTAC's programs that are analyzed in this Financial Report and lists the major activities and accomplishments during FY 2021-2022.

Programs

WCCTAC's finances are organized around four major functions, all part of the General Fund, but each with its unique accounting needs:

Advisory Committee: This includes all work related to WCCTAC's function as the Regional Transportation Planning Committee for West County under Measure J, as well as local transportation planning efforts resulting from the agency's functions as a Joint Powers Authority (JPA). This program is funded with annual member agency contributions.

Transportation Demand Management (TDM): This includes all work aimed at reducing solo vehicle driving and promoting walking, bicycling, transit, carpooling, and vanpooling, which is coordinated with the larger countywide 511 Contra Costa Program. The program is funded on a reimbursement basis with Measure J and grants from the Air District that are administered by the countywide transportation authority.

Subregional Transportation Mitigation Fee Program (STMP): WCCTAC acts as the trustee for the developer impact fees collected by the West County cities and the unincorporated areas of the County to fund regionally significant transportation projects necessitated by new development. The STMP is a requirement under Measure J's Growth Management Element. WCCTAC administers the program, which comprises eleven capital projects that are managed by others.

Other Reimbursable Projects: As a JPA, WCCTAC can apply for and receive grants that facilitate various elements of transportation in West County. These grants usually flow on a reimbursement basis, and WCCTAC typically retains consultants to perform the work.

Activities and Accomplishments by Program

FY 2021-2022

Advisory Committee

- Continued Phase 2 of the San Pablo Avenue Multimodal Corridor Study in partnership with the CCTA and the Alameda County Transportation Commission (ACTC) to investigate complete street elements between the County boundary and Hilltop.
- Competed successfully for a \$635,000 Caltrans' Sustainable Transportation Planning Program grant to conduct a Richmond Parkway Environmental Justice and Regional Mobility Study in partnership with the City of Richmond and Contra Costa County.
- Began updating the West County Action Plan for Routes of Regional Significance, which includes goals and actions for improving mobility.
- Joined with other agencies to participating in the I-80 Design Alternatives Assessment led by MTC, ACTC and CCTA.
- Participated in Accessible Transportation Strategic Plan Task Force meetings and activities to improve coordination of paratransit and senior services countywide.

Transportation Demand Management (TDM)

- Expanded participation in the Pass2Class program, which offers free bus passes to students at the beginning of the year. The program had its biggest year ever distributing bus passes to 1,591 students in West Contra Costa County.
- Expanded participation in the Try Transit program, which offers \$25 preloaded Clipper cards to commuters and college students. The program, had 967 participants, by far the best year since the start of the pandemic and nearly double the previous year's numbers.
- Continued to offer the Summer Bike Challenge and the Winter Walk Challenge, which encourages families to bicycle and walk, respectively, to various locations around their community for fun and prizes in all five West County cities. 511cc.org/sbc
- Introduced a new digital incentive program, Take 10, for long distance bus lines, including AC Transit Transbay and SolTrans "out-of-county" services. The program provides 10 free trips on these bus lines.

Subregional Transportation Mitigation Fee Program (STMP)

- The STMP program collected \$690,000 in fees in FY 21-22.
- Continued to close out the 2006 STMP by disbursing funds for Pinole's San Pablo Ave. Bridge Replacement project. the Hercules Hub, and the Bay Trail crossing at Tennent Ave. in Pinole.
- Processed appeals from the Mayfair project developer in El Cerrito and the 6065 Giant Road Warehouse developer in Richmond. The Board denied both appeals.

Other Reimbursable Projects

- Revived the travel training program which had been suspended in the previous fiscal year.
 - Continued Phase 2 of the San Pablo Multimodal Corridor Study, a partnership with CCTA and the Alameda County Transportation Commission (ACTC).
-

ENTITY-WIDE FINANCIAL STATEMENTS

Statement of Net Position

WCCTAC's net position increased by \$674,363 in FY 2021-22. This increase is explained in detail in the discussion of the Statement of Activities below. Financial highlights are as follows:

- Cash and investments available for WCCTAC's operations were \$8,754,716. All cash was invested with the City of San Pablo's investment pool.
- The Net Other Post-Employment Benefits (OPEB) Liability was \$148,102 at year end. The Net OPEB liability represents the contributions needed to fund WCCTAC's post-employment health care benefits of its employees.
- Other assets and liabilities included normal business receivables and payables.

Statement of Activities

The Statement of Activities presents program revenues and program expenses in detail, followed by general revenues.

WCCTAC's main revenue sources are member operating contributions, operating grants from the Contra Costa Transportation Authority (CCTA) for the Transportation Demand Management Program, STMP developer impact fees for capital projects, and other grant sources. In FY 2021-22, WCCTAC received \$531,744 in member contributions, \$624,036 in TDM grants, \$975,875 in STMP fees, and \$60,269 in other grants. Total program revenues in FY 2021-22 decreased \$2,867,214 from the prior year to \$2,278,616 due to a decrease in collections from STMP.

WCCTAC's expenses increased by \$289,223 in FY 2022-23 to \$1,604,253. This was largely due to a lower receipt of STMP fees.

In FY 2021-22, WCCTAC's program revenues of \$2,278,616 were higher than the program expenditures of \$1,604,253 which, overall resulted in an increase of \$674,363.

FUND FINANCIAL STATEMENTS

Balance Sheet

| | Year Ended | | Difference |
|--|---------------------|---------------------|-------------------|
| | PY: 6/30/2021 | CY: 6/30/2022 | |
| ASSETS | | | |
| Cash & investments | \$ 7,955,835 | \$ 8,754,716 | \$ 798,881 |
| Revenue receivable | \$ 48,086 | \$ 74,382 | \$ 26,296 |
| Total Assets | <u>\$ 8,003,921</u> | <u>\$ 8,829,098</u> | <u>\$ 825,177</u> |
| LIABILITIES | | | |
| Accounts payable | \$ - | \$ - | \$ - |
| Unearned revenue | \$ 40,001 | \$ 40,001 | \$ - |
| Total Liabilities | <u>\$ 40,001</u> | <u>\$ 40,001</u> | <u>\$ -</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue | \$ - | \$ - | \$ - |
| NET POSITION | | | |
| Restricted for: | | | |
| STMP | \$ 7,757,319 | \$ 8,645,296 | \$ 887,977 |
| TDM | \$ 7,795 | \$ 27,145 | \$ 19,350 |
| Assigned to: | | | |
| Unused Accumulated Vacation | \$ - | \$ - | \$ - |
| Unassigned | \$ 198,806 | \$ 116,656 | \$ 82,150 |
| Total Fund Equity | <u>\$ 7,963,920</u> | <u>\$ 8,789,097</u> | <u>\$ 825,177</u> |
| Total Liabilities, Deferred Inflows of Resources & Fund Equity | <u>\$ 8,003,921</u> | <u>\$ 8,829,098</u> | <u>\$ 825,177</u> |

Discussion

- Cash and investments increased, mainly due to STMP balance and TDM program incentives.

Revenues, Expenditures, and Fund Balances by Program

| Advisory Committee Program | Year Ended | | Difference |
|--|--------------------------|--------------------------|---------------------------|
| | PY: 6/30/2021 | CY: 6/30/2022 | |
| REVENUES | | | |
| Intergovernmental | | | |
| Member contributions | \$ 523,670 | \$ 531,744 | \$ 8,074 |
| Measure C/J & TFCA | \$ - | \$ - | \$ - |
| Subregional Trans. Fees | \$ - | \$ - | \$ - |
| Other grants | \$ - | \$ - | \$ - |
| Other contributions | \$ 91,646 | \$ 73,102 | \$ (18,544) |
| Interest | \$ 788 | \$ 192 | \$ (596) |
| Total Revenues | <u>\$ 616,104</u> | <u>\$ 605,038</u> | <u>\$ (11,066)</u> |
| EXPENDITURES | | | |
| Salary and benefits | \$ 549,398 | \$ 588,049 | \$ 38,651 |
| Consultants | \$ 59,133 | \$ 69,333 | \$ 10,200 |
| Training & transportation | \$ 587 | \$ 50 | \$ (537) |
| Office expenses & supplies | \$ 28,038 | \$ 29,756 | \$ 1,718 |
| Other | \$ - | \$ - | \$ - |
| Total Expenditures | <u>\$ 637,156</u> | <u>\$ 687,188</u> | <u>\$ 50,032</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | | | |
| | \$ (21,052) | \$ (82,150) | \$ (61,098) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | \$ - | \$ - | \$ - |
| Transfers (out) | \$ - | \$ - | \$ - |
| Total Other Financing Sources (Uses) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| NET CHANGE IN FUND BALANCE | | | |
| | \$ (21,052) | \$ (82,150) | \$ (61,098) |
| Fund Balance (deficit) at beginning of year | <u>\$ 219,858</u> | <u>\$ 198,806</u> | <u>\$ (21,052)</u> |
| Fund Balance (deficit) at end of year | <u><u>\$ 198,806</u></u> | <u><u>\$ 116,656</u></u> | <u><u>\$ (82,150)</u></u> |

Discussion

- Revenues for FY 22 show a decrease. This is mainly due to an audit adjustment for FY 2020
- Expenditures for FY 22 also show a increase. This was mainly due to getting back from COVID from prior fiscal year decrease.
- Consultant contracts in FY 22 include Legal Counsel, Accounting, and IT.

Revenues, Expenditures, and Fund Balances by Program (cont'd.)

| Transportation Demand Management (TDM) Program | Year Ended | | Difference |
|--|--------------------|-------------------|-------------------|
| | PY: 6/30/2021 | CY: 6/30/2022 | |
| REVENUES | | | |
| Intergovernmental | | | |
| Member contributions | \$ - | \$ - | \$ - |
| Measure C/J & TFCA | \$ 422,262 | \$ 624,036 | \$ 201,774 |
| Subregional Trans. Fees | \$ - | \$ - | \$ - |
| Other grants | \$ - | \$ - | \$ - |
| Other contributions | \$ - | \$ - | \$ - |
| Interest | \$ - | \$ - | \$ - |
| Total Revenues | \$ 422,262 | \$ 624,036 | \$ 201,774 |
| EXPENDITURES | | | |
| Salary and benefits | \$ 300,499 | \$ 310,426 | \$ 9,927 |
| Consultants and special department expense | \$ 108,387 | \$ 265,637 | \$ 157,250 |
| Training & transportation | \$ 969 | \$ 724 | \$ (245) |
| Office expenses & supplies | \$ 27,369 | \$ 27,899 | \$ 530 |
| Other | \$ - | \$ - | \$ - |
| Total Expenditures | \$ 437,224 | \$ 604,686 | \$ 167,462 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ (14,962) | \$ 19,350 | \$ 34,312 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | \$ - | \$ - | \$ - |
| Transfers (out) | \$ - | \$ - | \$ - |
| Total Other Financing Sources (Uses) | \$ - | \$ - | \$ - |
| NET CHANGE IN FUND BALANCE | \$ (14,962) | \$ 19,350 | \$ 34,312 |
| Fund Balance (deficit) at beginning of year | \$ 22,757 | \$ 7,795 | \$ (14,962) |
| Fund Balance (deficit) at end of year | <u>\$ 7,795</u> | <u>\$ 27,145</u> | <u>\$ 19,350</u> |

Discussion

- TDM revenue shows an increase as the result of a increase grant allocation.
- TDM expenditures show an increase recovering from COVID at home, to individuals returning to the work place for the transportation incentive programs.
- The TDM special department expense budget includes transit incentives (Try Transit), promotions, and ride vouchers for Guaranteed Ride Home Program (GRH) participants. The costs fluctuate year by year in large part due to the unpredictability of the number of GRH and Try Transit participants.

| Subregional Transportation Mitigation Fee Program (STMP) | Year Ended | | Difference |
|--|---------------------|-------------------|-----------------------|
| | PY: 6/30/2021 | CY: 06/30/2022 | |
| REVENUES | | | |
| Intergovernmental | | | |
| Member contributions | \$ - | \$ - | \$ - |
| Measure C/J & TFCA | \$ - | \$ - | \$ - |
| Subregional Trans. Fees | \$ 4,019,304 | \$ 975,875 | \$ (3,043,429) |
| Other grants | \$ - | \$ - | \$ - |
| Other contributions | \$ - | \$ - | \$ - |
| Interest | \$ 14,546 | \$ 13,398 | \$ (1,148) |
| Total Revenues | \$ 4,033,850 | \$ 989,273 | \$ (3,044,577) |
| EXPENDITURES | | | |
| Salary and benefits | \$ - | \$ - | \$ - |
| Consultants | \$ 21,955 | \$ 101,296 | \$ 79,341 |
| Training & transportation | \$ - | \$ - | \$ - |
| Office expenses & supplies | \$ - | \$ - | \$ - |
| Publications & communications | \$ - | \$ - | \$ - |
| Total Expenditures | \$ 21,955 | \$ 101,296 | \$ 79,341 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ 4,011,895 | \$ 887,977 | \$ (3,123,918) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | \$ - | \$ - | \$ - |
| Transfers (out) | \$ - | \$ - | \$ - |
| Total Other Financing Sources (Uses) | \$ - | \$ - | \$ - |
| NET CHANGE IN FUND BALANCE | \$ 4,011,895 | \$ 887,977 | \$ (3,123,918) |
| Fund Balance (deficit) at beginning of year | \$ 3,745,424 | \$ 7,757,319 | \$ 4,011,895 |
| Fund Balance (deficit) at end of year | \$ 7,757,319 | \$ 8,645,296 | \$ 887,977 |

Discussion

- STMP revenues decreased in FY 22 due to less new development activity.
- Expenditures increased from FY21, as the overall STMP reimbursement request was higher. The timing of STMP reimbursement requests is unpredictable and depends upon the timing of fund-recipient spending on projects.

Revenues, Expenditures, and Fund Balances by Program (cont'd.)

| Other Reimbursable Program | Year Ended | | Difference |
|--|------------------|------------------|--------------------|
| | PY: 6/30/2021 | CY: 6/30/2022 | |
| REVENUES | | | |
| Intergovernmental | | | |
| Member contributions | \$ - | \$ - | \$ - |
| Measure C/J & TFCA | \$ - | \$ - | \$ - |
| Subregional Trans. Fees | \$ - | \$ - | \$ - |
| Other grants | \$ - | \$ - | \$ - |
| Other contributions | \$ 73,614 | \$ 60,269 | \$ (13,345) |
| Interest | \$ - | \$ - | \$ - |
| Total Revenues | \$ 73,614 | \$ 60,269 | \$ (13,345) |
| EXPENDITURES | | | |
| Salary and benefits | \$ - | \$ - | \$ - |
| Consultants and special department expense | \$ 73,614 | \$ 60,203 | \$ (13,411) |
| Training & transportation | \$ - | \$ - | \$ - |
| Office expenses & supplies | \$ - | \$ 66 | \$ 66 |
| Publications & communications | \$ - | \$ - | \$ - |
| Total Expenditures | \$ 73,614 | \$ 60,269 | \$ (13,345) |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | | | |
| | \$ - | \$ - | \$ - |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | \$ - | \$ - | \$ - |
| Transfers (out) | \$ - | \$ - | \$ - |
| Total Other Financing Sources (Uses) | \$ - | \$ - | \$ - |
| NET CHANGE IN FUND BALANCE | | | |
| | \$ - | \$ - | \$ - |
| Fund Balance (deficit) at beginning of year | \$ - | \$ - | \$ - |
| Fund Balance (deficit) at end of year | \$ - | \$ - | \$ - |

Discussion

- Activity in FY 22 was comprised of the Student Bus Pass Program, Travel Training, and West Contra Costa Express Bus Implementation Plan. Lower revenue and expenditures reflect reduced activity on Travel Training as we are down a part time employee.

Revenues, Expenditures, and Fund Balances – Agency-Wide Budget and Actual

| | Year Ended | | Difference |
|---|---------------------|---------------------|----------------|
| | PY: 6/30/2021 | CY: 6/30/2022 | |
| REVENUES | | | |
| Original | \$ 4,061,843 | \$ 3,043,454 | \$ (1,018,389) |
| Final | \$ 3,840,382 | \$ 2,794,257 | \$ (1,046,125) |
| Actual | <u>\$ 5,145,830</u> | <u>\$ 2,278,616</u> | \$ (2,867,214) |
| Variance with Final Budget +/-) | <u>\$ 1,305,448</u> | <u>\$ (515,641)</u> | |
| EXPENDITURES | | | |
| Original | \$ 4,408,124 | \$ 8,454,476 | \$ 4,046,352 |
| Final | \$ 4,668,124 | \$ 8,517,932 | \$ 3,849,808 |
| Actual | <u>\$ 1,169,949</u> | <u>\$ 1,453,439</u> | \$ 283,490 |
| Variance with Final Budget +/-) | <u>\$ 3,498,175</u> | <u>\$ 7,064,493</u> | |
| CHANGE IN FUND BALANCE - ACTUAL | | | |
| Fund Balance (deficit) at beginning of year | <u>\$ 3,988,039</u> | <u>\$ 7,963,920</u> | |
| Fund Balance (deficit) at end of year | <u>\$ 7,963,920</u> | <u>\$ 8,789,097</u> | |

Discussion

- In FY 22 budget, overall revenues were less than budget expectations, largely due to a decrease in STMP revenues. Expenditures were higher than budgeted, largely due to TDM program ramping up from COVID and commuters returning to the workplace and STMP fund disbursements.

LOOKING AHEAD

Financial Outlook by Program

WCCTAC remains financially solid despite the challenges brought about by the COVID-19 pandemic. The specific outlook by program for next year (Fiscal Year 2023) is as follows:

Advisory Committee: An increase in expenditures is expected, given a 3.5% budgeted cost of living adjustment for staff and the prospect of salary increases for merit. Other key expenditure increases include the annual PERS unfunded liability payments and new costs in managing information technology (IT). The cost of other professional services, such as legal, financial, accounting and are expected to remain relatively stable, along with cost of supplies. The proposed dues increase is 4.5% for the for the upcoming year.

TDM: Given strong Measure J sales tax revenue, the TDM allocation from Measure J is expected to be slightly higher. The TFCA allocation is also expected to be higher, given a one-time adjustment. Expenditures in salaries are expected to rise given the proposed 3.5% cost of living increase and a potential merit increase. Program incentives and program-related services are expected to increase, given additional revenue.

STMP: STMP revenues are expected to be higher than in FY22 based on consultations with local jurisdictions. If revenues are strong, WCCTAC could issue another call for projects toward the end of the fiscal year. Staff will focus on finalizing funding agreements with agencies who received a STMP allocation from the WCCTAC Board.

Other Reimbursable Projects: WCCTAC will finalize Phase 2 of the San Pablo Avenue Multimodal Corridor Study, which will make use of some Measure J 28bs funds. WCCTAC will continue to serve as a pass-thru for Measure J Student Bus Pass Program funds set aside for the administration of the program by WCCUSD. WCCTAC reactivated its travel training program for seniors in FY22, which uses Measure J 28b funds, and may continue that program in FY 2023.

WEST CONTRA COSTA TRANSPORTATION ADVISORY COMMITTEE

**STATEMENT OF NET POSITION
AND STATEMENT OF ACTIVITIES**

The Statement of Net Position and the Statement of Activities summarize WCCTAC's entire financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all of WCCTAC's assets and deferred outflows of resources and all its liabilities and deferred inflows of resources, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all of WCCTAC's transactions are taken into account, regardless of whether or when cash changes hands.

The Statement of Net Position reports the difference between WCCTAC's total assets and deferred outflows of resources and WCCTAC's total liabilities and deferred inflows of resources, including all WCCTAC's capital assets and all its long-term debt. The Statement of Net Position focuses the reader on the composition of WCCTAC's net position, by subtracting total liabilities and deferred inflows of resources from total assets and deferred outflows of resources.

The Statement of Net Position summarizes the financial position of all WCCTAC's Governmental Activities in a single column. WCCTAC's Governmental Activities include the activities of its General Fund.

The Statement of Activities reports increases and decreases in WCCTAC's net position. It is also prepared on the full accrual basis, which means it includes all WCCTAC's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, current deferred inflows/outflows, available revenues and measurable expenditures.

The Statement of Activities presents WCCTAC's expenses first, listed by program. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental program. WCCTAC's general revenues are then listed in the Governmental Activities column, as appropriate, and the Change in Net Position is computed and reconciled with the Statement of Net Position.

WEST CONTRA COSTA TRANSPORTATION ADVISORY COMMITTEE
STATEMENT OF NET POSITION
JUNE 30, 2022

| | Governmental Activities |
|--|----------------------------|
| ASSETS | |
| Cash and investments (Note 2) | \$8,754,716 |
| Program revenue receivable | 74,382 |
| Total Assets | 8,829,098 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Related to pensions (Note 4) | 136,562 |
| Related to OPEB (Note 5) | 69,328 |
| Total Deferred Outflows of Resources | 205,890 |
| LIABILITIES | |
| Unearned revenue | 40,001 |
| Accrued compensated absences (Note 1H) | 71,588 |
| Net pension liability (Note 4) | 523,582 |
| Net OPEB liability (Note 5) | 148,102 |
| Total Liabilities | 783,273 |
| DEFERRED INFLOWS OF RESOURCES | |
| Related to pensions (Note 4) | 531,641 |
| Related to OPEB (Note 5) | 59,773 |
| Total Deferred Inflows of Resources | 591,414 |
| NET POSITION (Note 6) | |
| Restricted for: | |
| STMP | 8,645,296 |
| Transportation Systems Management | 27,145 |
| Unrestricted | (1,012,140) |
| Total Net Position | \$7,660,301 |

See accompanying notes to financial statements

WEST CONTRA COSTA TRANSPORTATION ADVISORY COMMITTEE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | <u>Net (Expense) Revenue and Changes in Net Position</u> |
|----------------------------------|---------------------------|---|---|--|
| | | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Governmental Activities</u> |
| Governmental Activities: | | | | |
| Advisory Committee | \$838,002 | \$604,846 | | (\$233,156) |
| Transportation Demand Management | 604,686 | 624,036 | | 19,350 |
| STMP | 101,296 | | \$975,875 | 874,579 |
| Other reimbursable projects | <u>60,269</u> | | <u>60,269</u> | |
| Total Governmental Activities | <u><u>\$1,604,253</u></u> | <u><u>\$1,228,882</u></u> | <u><u>\$1,036,144</u></u> | <u><u>660,773</u></u> |
| General revenues: | | | | |
| Investment earnings | | | | <u>13,590</u> |
| Total General Revenues | | | | <u>13,590</u> |
| Change in Net Position | | | | 674,363 |
| Net Position - Beginning | | | | <u>6,985,938</u> |
| Net Position - Ending | | | | <u><u>\$7,660,301</u></u> |

See accompanying notes to financial statements

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WEST CONTRA COSTA TRANSPORTATION ADVISORY COMMITTEE

**FUND FINANCIAL
STATEMENTS**

Major funds are defined generally as having significant activities or balances in the current year.

WCCTAC's **General Fund**, which accounts for all administrative, operating and other expenditures incurred by WCCTAC, and to account for member charges and project reimbursements, is its only fund and is therefore a major fund.

WEST CONTRA COSTA TRANSPORTATION ADVISORY COMMITTEE
GENERAL FUND
BALANCE SHEET
JUNE 30, 2022

| ASSETS | |
|-------------------------------|---------------------------|
| Cash and investments (Note 2) | \$8,754,716 |
| Program revenue receivable | <u>74,382</u> |
| Total Assets | <u><u>\$8,829,098</u></u> |

| LIABILITIES | |
|-------------------|-----------------|
| Unearned revenue | <u>\$40,001</u> |
| Total Liabilities | <u>40,001</u> |

| FUND BALANCE | |
|------------------------------------|---------------------------|
| Fund Balance (Note 6) | |
| Restricted for: | |
| Transportation Demand Management | 27,145 |
| STMP | 8,645,296 |
| Unassigned | <u>116,656</u> |
| Total Fund Balance | <u>8,789,097</u> |
| Total Liabilities and Fund Balance | <u><u>\$8,829,098</u></u> |

Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:

| | |
|--|---------------------------|
| FUND BALANCE | \$8,789,097 |
| | |
| LONG TERM ASSETS AND LIABILITIES | |
| The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Fund: | |
| Net OPEB liability and deferred outflows/inflows related to OPEB | (138,547) |
| Non-current portion of compensated absences | (71,588) |
| Net pension liability and deferred outflows/inflows related to pensions | <u>(918,661)</u> |
| NET POSITION OF GOVERNMENTAL ACTIVITIES | <u><u>\$7,660,301</u></u> |

See accompanying notes to the financial statements

WEST CONTRA COSTA TRANSPORTATION ADVISORY COMMITTEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

| | Programs | | | General Fund Total |
|--|-----------------------|--|--------------------|--------------------------|
| | Advisory Committee | Transportation Demand Management | STMP | |
| REVENUES | | | | |
| Intergovernmental (Note 1B): | | | | |
| Member contributions | \$531,744 | | | \$531,744 |
| Measure C/J and AB434/TFCA | | \$624,036 | | 624,036 |
| Subregional transportation fees | | | \$975,875 | 975,875 |
| Other contributions | 73,102 | | | \$60,269 |
| Interest | 192 | | 13,398 | 13,590 |
| Total Revenues | <u>605,038</u> | <u>624,036</u> | <u>989,273</u> | <u>2,278,616</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Salary and benefits | 588,049 | 310,426 | | 898,475 |
| Consultants | 69,333 | 265,637 | 101,296 | 60,203 |
| Training | 50 | 724 | | 774 |
| Office expense and supplies | 29,756 | 27,899 | | 66 |
| Total Expenditures | <u>687,188</u> | <u>604,686</u> | <u>101,296</u> | <u>1,453,439</u> |
| NET CHANGE IN FUND BALANCES | (82,150) | 19,350 | 887,977 | 825,177 |
| Program/Fund balances at beginning of year | <u>198,806</u> | <u>7,795</u> | <u>7,757,319</u> | <u>7,963,920</u> |
| Program/Fund balances at end of year | <u>\$116,656</u> | <u>\$27,145</u> | <u>\$8,645,296</u> | <u>\$8,789,097</u> |

See accompanying notes to the financial statements

WEST CONTRA COSTA TRANSPORTATION ADVISORY COMMITTEE
 Reconciliation of the
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
 with the
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2022

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

| | |
|--|-----------|
| NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS | \$825,177 |
|--|-----------|

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

| | |
|--|-----------|
| Net OPEB liability and deferred outflows/inflows of resources related to OPEB | (15,587) |
| Compensated absences | (9,034) |
| Net pension liability and deferred outflows/inflows of resources related to pensions | (126,193) |
| | (150,814) |

| | |
|---|-----------|
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | \$674,363 |
|---|-----------|

See accompanying notes to financial statements

WEST CONTRA COSTA TRANSPORTATION ADVISORY COMMITTEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|-----------------------------------|-----------------------------|-----------------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Intergovernmental: | | | | |
| Member contributions | \$531,744 | \$531,744 | \$531,744 | |
| Measure C and AB434/TFCA | 562,064 | 562,064 | 624,036 | \$61,972 |
| Subregional transportation fees | 1,612,997 | 1,366,300 | 975,875 | (390,425) |
| Other contributions | 316,649 | 316,649 | 133,371 | (183,278) |
| Interest | 20,000 | 17,500 | 13,590 | (3,910) |
| | <u>3,043,454</u> | <u>2,794,257</u> | <u>2,278,616</u> | <u>(515,641)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Salary and benefits | 931,882 | 921,532 | 898,475 | 23,057 |
| Consultants | 7,438,924 | 7,498,900 | 496,469 | 7,002,431 |
| Training | 6,000 | 5,800 | 774 | 5,026 |
| Office expense and supplies | 77,670 | 91,700 | 57,721 | 33,979 |
| | <u>8,454,476</u> | <u>8,517,932</u> | <u>1,453,439</u> | <u>7,064,493</u> |
| CHANGE IN FUND BALANCE | <u><u>(\$5,411,022)</u></u> | <u><u>(\$5,723,675)</u></u> | 825,177 | <u><u>\$6,548,852</u></u> |
| Fund balance at beginning of year | | | <u>7,963,920</u> | |
| Fund balance at end of year | | | <u><u>\$8,789,097</u></u> | |

See accompanying notes to financial statements

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WEST CONTRA COSTA TRANSPORTATION ADVISORY COMMITTEE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The West Contra Costa Transportation Advisory Committee (WCCTAC) was formed in 1990 for the purpose of creating a city, county and transit district transportation advisory committee which would protect and advance the interests of the West Contra Costa County communities with regard to transportation issues in general and the utilization of Measure “C” and State Assembly Bill 434 funds in particular; and State Transportation funds for the Richmond Intermodal Station Project. Measure “C” expired in March 2009 and was replaced by Measure “J.” The current members of WCCTAC are the Cities of El Cerrito, Hercules, Pinole, Richmond, and San Pablo; Alameda - Contra Costa Transit District, County of Contra Costa, San Francisco Bay Area Rapid Transit District, and the Western Contra Costa Transit Authority.

WCCTAC is controlled by a Governing Board consisting of eleven members--three members of the City Council of the City of Richmond, one member each of the City Councils of the Cities of El Cerrito, Hercules, Pinole and San Pablo, one member from Contra Costa County Board of Supervisors, one member of the governing body of rail transit districts operating within WCCTAC’s boundaries, and one member of the governing body of each of the bus transit districts operating within WCCTAC’s boundaries.

Oversight responsibility and control of WCCTAC’s affairs is exercised by its Governing Board. Officers of WCCTAC include the Chair, Vice Chair, Treasurer and Secretary. The Finance Director of the City of Pablo serves as WCCTAC’s Treasurer. The City of San Pablo maintains custody of all monies and funds, and maintains related accounting records.

B. Programs

WCCTAC’s General Fund activity is separated into four programs.

WCCTAC general operations, including transportation planning, congestion management and project oversight, are accounted for in the **Advisory Committee Program**. These activities are funded through WCCTAC member contributions, which are a proportionate share of expenses incurred based upon a formula/dollar amount outlined in the Joint Exercise of Powers Agreement. No additional charges may be assessed without the written consent of the members, \$531,744 in charges were assessed for fiscal year 2021/2022.

The **Transportation Demand Management (TDM) Program** is responsible for educating local employers, residents and retailers on transportation issues and alternatives. The **TDM Program** assists with developing, marketing and implementing alternative transportation programs. The **TDM Program** is funded by State of California Assembly Bill 434 funds distributed by the Bay Area Air Quality Management District through the Program Manager through the Transportation Fund for Clean Air (TFCA) by Contra Costa County Measures “C” and “J” transportation sales tax funds. Prior to fiscal year 2008, this program was called the Transportation System Management Program.

WEST CONTRA COSTA TRANSPORTATION ADVISORY COMMITTEE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The **Subregional Transportation Mitigation Program (STMP)** is a new program for WCCTAC. This program was established in 1997 and, until fiscal year 2007, it was administered by the Contra Costa Transportation Authority. During fiscal year 2007 the administration for the program was transferred to WCCTAC. STMP fees are collected by Contra Costa County along with the cities of El Cerrito, Hercules, Pinole, Richmond and San Pablo and remitted to WCCTAC. The fees are to be used for transportation improvements to serve the WCCTAC area.

The **Other Reimbursable Projects Program** is used for projects administered by WCCTAC that are fully reimbursed by other agencies.

C. Reporting Entity

WCCTAC is the only entity included in these financial statements.

D. Basis of Presentation

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

These Standards require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (WCCTAC). These statements include the financial activities of the overall government. Governmental activities generally are financed through intergovernmental revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues of each function of WCCTAC's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about WCCTAC's funds. The emphasis of fund financial statements is on major individual governmental funds.

E. Major Fund

WCCTAC's major governmental-type funds are required to be identified and presented separately in the fund financial statements. WCCTAC's **General Fund**, which accounts for all administrative, operating and other expenditures incurred by WCCTAC, and to account for member charges and project reimbursements, is its only fund and is therefore a major fund.

WEST CONTRA COSTA TRANSPORTATION ADVISORY COMMITTEE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available*. WCCTAC considers all revenues reported in the governmental funds to be available if the revenues are collected within forty-five days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Those revenues susceptible to accrual are interest and intergovernmental revenues.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, WCCTAC may fund certain programs with a combination of cost-reimbursement grants and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. WCCTAC's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet may report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. WCCTAC has two items that qualify for reporting in this category related to pensions and OPEB as discussed in Note 4 and Note 5, respectively.

In addition to liabilities, the statement of net position and balance sheet may report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. WCCTAC has two items that qualify for reporting in this category related to pensions and OPEB as discussed in Note 4 and Note 5, respectively.

H. Compensated Absences

Compensated absences comprise unpaid vacation leave, which is accrued as earned. Sick pay does not vest and therefore is not accrued. The liability for compensated absences is determined annually and is recorded in the Statement of Net Position.

WEST CONTRA COSTA TRANSPORTATION ADVISORY COMMITTEE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The changes in compensated absences were as follows:

| | |
|-------------------|------------------------|
| Beginning Balance | \$62,554 |
| Additions | 32,635 |
| Payments | <u>(23,601)</u> |
| Ending Balance | <u><u>\$71,588</u></u> |

I. Estimates and Assumptions

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – CASH AND INVESTMENTS

WCCTAC’s cash is controlled and invested by the City of San Pablo, which also provides working capital when required. WCCTAC pools cash from all sources and all funds with the City of San Pablo so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time. The City’s Investment Policy and the California Government Code permits investments in Securities of the U.S. Government and its Agencies, Certificates of Deposit (Time Deposits with Commercial Banks or Savings and Loans), Bankers Acceptances, Commercial Paper, State of California Local Agency Investment Fund (LAIF Pool), Repurchase Agreements (Collateralized by U.S. Treasury Securities), and Money Market and Mutual Funds. The details of the City of San Pablo’s investment pool can be found in the City’s Basic Financial Statements.

WCCTAC’s investment in the City of San Pablo investment pool is stated at fair value, as required by generally accepted accounting principles. Each program’s cash and investment (overdraft) balance at June 30, 2022 was as follows:

| | |
|----------------------------------|---------------------------|
| Advisory Committee | \$77,771 |
| Transportation Demand Management | 5,124 |
| STMP | <u>8,672,024</u> |
| | <u><u>\$8,754,716</u></u> |

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

WEST CONTRA COSTA TRANSPORTATION ADVISORY COMMITTEE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 2 – CASH AND INVESTMENTS (Continued)

The following is a summary of the fair value hierarchy of the fair value of investments of the City of San Pablo, which WCCTAC investments are pooled, as of June 30, 2022:

| Investment Type | Level 2 | Fair Value Total |
|---|--------------|---------------------|
| Investments by Fair Value: | | |
| U.S. Treasury Notes | \$4,018,332 | \$4,018,332 |
| U.S. Government Agencies | 15,168,685 | 15,168,685 |
| Medium Term Notes | 7,428,041 | 7,428,041 |
| Total Investments at Fair Value | \$26,615,058 | 26,615,058 |
| Investments Measured at Amortized Cost: | | |
| <i>Held by Trustee:</i> | | |
| Money Market Funds | | 34,504,759 |
| Vantage Point MP Long Term Growth Mutual Fund (Equities) | | 11,559,964 |
| Investments Exempt from Fair Value Hierarchy: | | |
| Local Agency Investment Fund | | 52,770,807 |
| Total Investments | | 125,450,588 |
| <i>Cash with Banks and Petty Cash - City of San Pablo</i> | | 8,027,541 |
| <i>Cash with Banks - Economic Development Corporation</i> | | 2,404,944 |
| Total Cash and Investments | | \$135,883,073 |

NOTE 3 – CAPITAL ASSETS

Capital assets used in governmental fund type operations are accounted for in the Statement of Net Position, rather than in governmental funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

All capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets. Depreciation of all capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the balance sheet as a reduction in the book value of capital assets.

Depreciation 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. WCCTAC has assigned the useful lives and capitalization thresholds listed below to capital assets.

| | Useful Lives Years |
|-----------|-----------------------|
| Equipment | 5 |
| Furniture | 5 |

WEST CONTRA COSTA TRANSPORTATION ADVISORY COMMITTEE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 3 – CAPITAL ASSETS (Continued)

There were no additions or retirements to WCCTAC’s capital assets during fiscal year 2022, and since July 1, 2003, WCCTAC’s capital assets have been fully depreciated. Capital assets at June 30 comprise the following:

| | Balance at June 30, 2022 |
|---|-----------------------------|
| <i>Governmental activities</i> | |
| Capital assets being depreciated: | |
| Equipment | \$9,327 |
| Furniture | 4,729 |
| Total capital assets being depreciated | 14,056 |
| Less accumulated depreciation for: | |
| Equipment | (9,327) |
| Furniture | (4,729) |
| Total accumulated depreciation | (14,056) |
| Governmental activity capital assets, net | 0 |

NOTE 4 – PENSION PLAN

A. General Information about the Pension Plan

Plan Description – Prior to January 1, 2014, WCCTAC’s employees participated in the City of San Pablo’s Miscellaneous Employee Pension Plan offered by California Public Employees Retirement System (CalPERS), an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefit provisions under the Plan were established by State statute and City resolution.

In September 2013, WCCTAC adopted a Resolution of Intention to separate from the City of San Pablo retirement system and enter into a separate contract with CalPERS for a retirement program. The contract was executed in October 2013 and as of January 1, 2014, WCCTAC’s employees transferred to a cost-sharing multiple employer defined benefit pension plan administered by CalPERS.

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

Participants included in the pension plan include 4 active employees, 3 separated employees and 5 retirees.

WEST CONTRA COSTA TRANSPORTATION ADVISORY COMMITTEE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 4 – PENSION PLAN (Continued)

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 the plan are applied as specified by the Public Employees’ Retirement Law. The Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, is applicable to employees new to CALPERS, and hired after December 31, 2012, and not subject to grandfathering into the previously existing Plan.

The Plan’s provisions and benefits in effect at June 30, 2022, are summarized as follows:

| | Miscellaneous | |
|---|---|--|
| | Classic Tier Prior to January 1, 2013 | PEPRA Tier On or after January 1, 2013 |
| Hire date | | |
| Benefit formula | 2.5% @ 55 | 2% @ 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 | 2.0% to 2.5% | 1.0% to 2.5% |
| Required employee contribution rates | 8% | 6.75% |
| Required employer contribution rates | 12.20% | 7.59% |

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. WCCTAC is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2022, WCCTAC made contributions to the Plan of \$64,051.

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

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

| |
|---|
| WEST CONTRA COSTA TRANSPORTATION ADVISORY COMMITTEE NOTES TO BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2022 |
|---|

| |
|--|
| NOTE 4 – PENSION PLAN (Continued) |
|--|

As of June 30, 2022, WCCTAC reported a net pension liability for its proportionate share of the net pension liability as follows:

| | Proportionate Share of Net Pension Liability |
|---------------|---|
| Miscellaneous | \$523,582 |

WCCTAC’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2021, 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, 2020 rolled forward to June 30, 2021 using standard update procedures. WCCTAC’s proportion of the net pension liability was based on a projection of WCCTAC’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. WCCTAC’s proportionate share of the net pension liability for the Plan as of June 30, 2020 and 2021 was as follows:

| | Miscellaneous |
|------------------------------|---------------|
| | Classic |
| Proportion - June 30, 2020 | 0.02106% |
| Proportion - June 30, 2021 | 0.02757% |
| Change - Increase (Decrease) | 0.00651% |

For the year ended June 30, 2022, WCCTAC recognized pension expense of \$190,244. At June 30, 2022, WCCTAC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Pension contributions subsequent to measurement date | \$64,051 | |
| Differences between actual and expected experience | 58,714 | |
| Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions | | (\$74,582) |
| Changes in proportions | 13,797 | |
| Net differences between projected and actual earnings on plan investments | | (457,059) |
| Total | \$136,562 | (\$531,641) |

| |
|---|
| WEST CONTRA COSTA TRANSPORTATION ADVISORY COMMITTEE NOTES TO BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2022 |
|---|

| |
|--|
| NOTE 4 – PENSION PLAN (Continued) |
|--|

\$64,051 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, 2023. 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 |
|-----------------------|------------------------|
| 2023 | (\$111,152) |
| 2024 | (110,234) |
| 2025 | (111,436) |
| 2026 | (126,308) |
| Total | (\$459,130) |

WCCTAC’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2021, using an annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liability as of the June 30, 2021 measurement date were determined using the following actuarial assumptions:

| | |
|----------------------------------|---|
| Valuation Date | June 30, 2020 |
| Measurement Date | June 30, 2021 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 7.15% |
| Inflation | 2.50% |
| Projected Salary Increase | Varies by Entry Age and Service |
| Mortality Rate Table | Derived using CalPERS Membership Data for all Funds (1) |
| Post Retirement Benefit Increase | Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter |

(1) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of Scale MP 2016. For more details on this table, please refer to the December 2017 Experience study report (based on CalPERS demographic data from 1997 to 2015).

WEST CONTRA COSTA TRANSPORTATION ADVISORY COMMITTEE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 4 – PENSION PLAN (Continued)

Discount Rate – The discount rate used to measure the total pension liability for each Plan was 7.15%. 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, each Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all plans in the PERF. 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.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of 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 returns expectations as well as the expected pension fund cash flows. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

| Asset Class | Assumed Asset Allocation | Real Return Years 1 - 10(a) | Real Return Years 11+(b) |
|---------------------|--------------------------------|--------------------------------|-----------------------------|
| Public Equity | 50.0% | 4.80% | 5.98% |
| Global Fixed Income | 28.0% | 1.00% | 2.62% |
| Inflation Sensitive | 0.0% | 0.77% | 1.81% |
| Private Equity | 8.0% | 6.30% | 7.23% |
| Real Estate | 13.0% | 3.75% | 4.93% |
| Liquidity | 1.0% | 0.00% | -0.92% |
| Total | <u>100%</u> | | |

- (1) In the CalPERS' ACFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
- (2) An expected inflation of 2.00% used for this period.
- (3) An expected inflation of 2.92% used for this period.

**WEST CONTRA COSTA TRANSPORTATION ADVISORY COMMITTEE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

NOTE 4 – PENSION PLAN (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents WCCTAC’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the WCCTAC’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 |
|-----------------------|---------------|
| | Classic |
| 1% Decrease | 6.15% |
| Net Pension Liability | \$999,633 |
| Current Discount Rate | 7.15% |
| Net Pension Liability | \$523,582 |
| 1% Increase | 8.15% |
| Net Pension Liability | \$130,037 |

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

NOTE 5 – POST RETIREMENT HEALTHCARE BENEFITS

A. General Information about WCCTAC’s Other Post Employment Benefit (OPEB) Plan

Prior to January 1, 2017, WCCTAC’s employees participated in the City of San Pablo’s Retiree Health Savings Plan, an agent multiple-employer defined benefit healthcare plan.

As of January 1, 2017, WCCTAC established its own single employer Health Savings Plan (the Plan). Coverage is also provided for spouses of employees having a minimum of 20 years of service at retirement. The Plan provisions and benefits in effect at June 30, 2022 are summarized as follows:

| | |
|------------------------------------|--------------|
| Benefit Types Provided | Medical Only |
| Duration of Benefits | To age 65 |
| Required Service | 15 years |
| Minimum Age | 50 |
| Dependent Coverage | Yes |
| Employer Contribution | 100% to cap |
| Contribution Cap per Month (Basic) | \$135 |

For the year ended June 30, 2022, WCCTAC’s contributions to the Plan were \$1,923.

WEST CONTRA COSTA TRANSPORTATION ADVISORY COMMITTEE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 5 – POST RETIREMENT HEALTHCARE BENEFITS (Continued)

Employees Covered by Benefit Terms – Membership in the Plan consisted of the following at the measurement date of June 30, 2021:

| | |
|--|---|
| Active employees | 5 |
| Inactive employees or beneficiaries currently receiving benefit payments | 1 |
| Inactive employees entitled to but not yet receiving benefit payments | 0 |
| Total | 6 |

B. Net OPEB Liability

Actuarial Methods and Assumptions – WCCTAC’s net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021, based on the following actuarial methods and assumptions:

| | Actuarial Assumptions |
|-------------------------|---|
| Valuation Date | June 30, 2021 |
| Measurement Date | June 30, 2021 |
| Actuarial Cost Method | Entry Age |
| Actuarial Assumptions: | |
| Discount Rate | 2.16%, net of expenses |
| Inflation | 2.75% |
| Payroll Growth | 2.50% |
| Mortality Rate | 2017 CalPERS Mortality for Miscellaneous and Schools Employees |
| Retirement Rates | Hired before 1/1/2013: 2017 CalPERS Retirement Rates for 2.5% @ 55 Hired after 12/31/2012: 2017 CalPERS Retirement Rates for Miscellaneous Employees 2.0% @ 62 adjusted to minimum retirement age of 52 |
| Pre-Retirement Turnover | 2017 CalPERS Turnover for Miscellaneous Employees |
| Healthcare Trend Rate | 4% |

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-------------------------|-------------------|--|
| Fixed Income Securities | 30% | 5.0% |
| Equities | 70% | 7.6% |
| Total | 100.0% | |

WEST CONTRA COSTA TRANSPORTATION ADVISORY COMMITTEE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 5 – POST RETIREMENT HEALTHCARE BENEFITS
(Continued)

Discount Rate – The discount rate used to measure the total OPEB liability was 2.16%. The projection of cash flows used to determine the discount rate assumed that WCCTAC’s contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years. The discount rate was set using the Bond Buyer 20 Index at June 30, 2021.

C. Changes in Net OPEB Liability

The changes in the net OPEB liability follows:

| | Increase (Decrease) | | |
|--|--------------------------------|---------------------------------------|--|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability/(Asset) (a) - (b) |
| Balance at June 30, 2020 | \$138,898 | | \$138,898 |
| Changes Recognized for the Measurement Period: | | | |
| Service Cost | 13,135 | | 13,135 |
| Interest on the total OPEB liability | 3,194 | | 3,194 |
| Differences between expected and actual experience | (6,378) | | (6,378) |
| Changes of assumptions | 1,176 | | 1,176 |
| Contributions from the employer | | \$1,923 | (1,923) |
| Benefit payments | (1,923) | (1,923) | |
| Net changes | 9,204 | | 9,204 |
| Balance at June 30, 2021 (Measurement Date) | <u>\$148,102</u> | | <u>\$148,102</u> |

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of WCCTAC’s OPEB Plan and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined on the same basis as they are reported by ICMA-RC. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. The Plan does not issue separate financial statements.

D. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the net OPEB liability of WCCTAC, as well as what the WCCTAC’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

| Net OPEB Liability | | |
|------------------------------|--------------------------|------------------------------|
| Discount Rate -1% (1.16%) | Discount Rate (2.16%) | Discount Rate +1% (3.16%) |
| \$174,546 | \$148,102 | \$126,783 |

WEST CONTRA COSTA TRANSPORTATION ADVISORY COMMITTEE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 5 – POST RETIREMENT HEALTHCARE BENEFITS
(Continued)

The following presents the net OPEB liability of WCCTAC, as well as what WCCTAC's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3%) or 1-percentage-point higher (5%) than the current healthcare cost trend rates:

| Net OPEB Liability | | |
|--------------------|--------------------------------|-------------|
| 1% Decrease | Healthcare Cost Trend Rates | 1% Increase |
| (3.0%) | (4.0%) | (5.0%) |
| \$122,007 | \$148,102 | \$181,798 |

E. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2022, WCCTAC recognized OPEB expense of \$15,587. At June 30, 2022, WCCTAC reported deferred outflows and inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Employer contributions made subsequent to the measurement | \$1,713 | |
| Differences between actual and expected experience | | (\$59,773) |
| Changes of assumptions | 67,615 | |
| Total | \$69,328 | (\$59,773) |

\$1,713 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

| Year Ended June 30 | Annual Amortization |
|-----------------------|------------------------|
| 2023 | \$1,850 |
| 2024 | 1,850 |
| 2025 | 1,850 |
| 2026 | 1,850 |
| 2027 | 786 |
| Thereafter | (344) |
| Total | \$7,842 |

WEST CONTRA COSTA TRANSPORTATION ADVISORY COMMITTEE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 6 – NET POSITION AND FUND BALANCES

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash, receivables and deferred outflows of resources, less its liabilities and deferred inflows of resources.

Net Position is measured on the full accrual basis while Fund Balance is measured on the modified accrual basis, as explained in Note 1D.

A. Net Position

Net Position is the excess of all WCCTAC's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, regardless of fund. Net Position is divided into two captions. These captions apply only to Net Position, which is determined only at the Government-wide level, and are described below:

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which WCCTAC cannot unilaterally alter.

Unrestricted describes the portion of Net Position which is not restricted as to use.

B. Fund Balances

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash, receivables and deferred outflows of resources, less its liabilities and deferred inflows of resources.

WCCTAC's fund balances are classified based on spending constraints imposed on the use of resources. For programs with multiple funding sources, WCCTAC prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendable represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by formal action of the Board of Directors which may be altered only by formal action of the Board of Directors. Encumbrances and nonspendable amounts subject to Board commitments are included along with spendable resources.

WEST CONTRA COSTA TRANSPORTATION ADVISORY COMMITTEE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 6 – NET POSITION AND FUND BALANCES (Continued)

Assigned fund balances are amounts constrained by WCCTAC’s intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the Board or its designee, the Executive Director, and may be changed at the discretion of the Board or its designee. This category includes encumbrances and nonspendables when it is WCCTAC’s intent to use proceeds or collections for a specific purpose.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance.

C. Contingency Arrangement

WCCTAC’s General Fund Reserve Policy requires WCCTAC to maintain an Emergency Reserve of \$10,000 to handle any unforeseen contingencies in the future to be used only upon approval of the Executive Director. As of June 30, 2022, the Emergency Reserve balance, which is reported within the unassigned fund balance of the General Fund, was \$10,000.

D. Minimum Fund Balance Policy

WCCTAC’s General Fund Reserve Policy requires WCCTAC to strive to maintain \$120,000, or the equivalent of two months of expenses, in the General Fund’s Unassigned Fund Balance to mitigate current and future risks and preserve service levels. The balance of Unassigned Fund Balance, including the Emergency Reserve discussed above, comprised the following as of June 30, 2022:

| | |
|-------------------------|-----------|
| Advisory Committee: | |
| Emergency Reserve | \$10,000 |
| Unassigned | 106,656 |
| Unassigned Fund Balance | \$116,656 |

WEST CONTRA COSTA TRANSPORTATION ADVISORY COMMITTEE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 7 – INSURANCE

Beginning January 31, 2014, WCCTAC entered into an agreement with Special Districts Risk Management Authority. The Authority provides coverage against the following types of loss risks under the terms of a joint-powers agreement with WCCTAC and several other governmental agencies as follows:

| Type of Coverage (Deductible) | Coverage Limits |
|--|---|
| Liability (None, except \$500 on property damage, per occurrence and \$1,000 on auto damage, per occurrence) | \$2,500,000 per occurrence |
| Employer’s Liability (no deductible) | \$5,000,000 |
| Worker’s Compensation (no deductible) | Statutory Limit |
| Property (\$1,000 per occurrence) | \$1,000,000,000 |
| Boiler & Machinery (\$1,000 per occurrence) | \$100,000,000 |
| Employee Dishonesty (no deductible) | \$1,000,000 per loss |
| Public Officials Personal Liability (\$1,000 per claim) | \$500,000 per occurrence, with annual aggregate of \$500,000 per elected/appointed official |

SDRMA is governed by a Board consisting of representatives from member municipalities. The Board of Directors’ responsibilities include establishing policy, providing oversight, and setting direction and vision to ensure SDRMA meets its mission, obligations and commitment to its members.

WCCTAC’s deposits with the SDRMA are in accordance with formulas established by SDRMA. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

Audited financial statements for SDRMA are available from SDRMA, 1112 I Street, Suite 300, Sacramento, CA 95814.

No claims have been filed against WCCTAC to date.

WEST CONTRA COSTA TRANSPORTATION ADVISORY COMMITTEE
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 8 – COMMITMENTS AND CONTINGENCIES

A. Use of STMP Funds for Various Projects

The WCCTAC Board approved the use of STMP funds to pay planning, studies and preliminary engineering costs. Total expenditures incurred for fiscal year 2022 of \$21,955 were spent on the following projects:

| | |
|--|----------|
| BART- del Norte BART Modernization Project | \$21,955 |
| | \$21,955 |

B. Office Lease

WCCTAC entered a new leasing agreement on July 22, 2019 with 6333 Potrero Avenue Associates LLC. The lease is effective through June 30, 2024 for a lease term of five years. Monthly base rent for the first year is \$2,919, increasing annually by 3.5% the first year and then 3.0% for the following years.

Required Supplementary Information

Miscellaneous Plan, a Cost Sharing-Employer Defined Benefit Pension Plan
Last 10 Years*

SCHEDULE OF WCCTAC'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

| Measurement Date | 6/30/2014 | 6/30/2015 | 6/30/2016 | 6/30/2017 |
|---|-----------|-----------|-----------|-----------|
| Plan's Proportion of the Net Pension Liability (Asset) | 0.58900% | 0.01961% | 0.01907% | 0.01945% |
| Plan's Proportionate Share of the Net Pension Liability/(Asset) | \$366,376 | \$538,036 | \$662,604 | \$766,595 |
| Plan's Covered Payroll | \$266,841 | \$352,689 | \$478,284 | \$506,810 |
| Plan's Net Pension Liability/(Asset) as a Percentage of its Covered Payroll | 137.30% | 152.55% | 138.54% | 151.26% |
| | | | | |
| Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability** | 0.00% | 0.00% | 0.00% | 0.00% |
| | | | | |
| Measurement Date | 6/30/2018 | 6/30/2019 | 6/30/2020 | 6/30/2021 |
| Plan's Proportion of the Net Pension Liability (Asset) | 0.01998% | 0.02048% | 0.02106% | 0.02757% |
| Plan's Proportionate Share of the Net Pension Liability/(Asset) | \$752,931 | \$820,212 | \$888,188 | \$523,582 |
| Plan's Covered Payroll | \$701,455 | \$539,218 | \$565,043 | \$552,931 |
| Plan's Net Pension Liability/(Asset) as a Percentage of its Covered Payroll | 107.34% | 152.11% | 157.19% | 94.69% |
| | | | | |
| Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability** | 0.00% | 0.00% | 0.00% | 0.00% |

* Fiscal year 2015 was the 1st year of implementation, therefore only eight years are shown.

** During fiscal year ended June 30, 2020, the actuary determined that plan assets previously reported as fiduciary plan assets did not apply to the defined benefit plan, therefore, these percentages have been updated appropriately.

Required Supplementary Information

WCCTAC Miscellaneous Plan - Classic Benefit Tier, a Cost Sharing-Employer Defined Pension Plan
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

| Fiscal Year | 2015 | 2016 | 2017 | 2018 |
|---|---------------|---------------|---------------|---------------|
| Actuarially determined contribution | \$55,366 | \$85,542 | \$65,940 | \$46,701 |
| Contributions in relation to the actuarially determined contributions | (55,366) | (85,542) | (65,940) | (46,701) |
| Contribution deficiency (excess) | \$0 | \$0 | \$0 | \$0 |
| Covered payroll | \$352,689 | \$478,284 | \$506,810 | \$701,455 |
| Contributions as a percentage of covered payroll | 15.70% | 17.89% | 13.01% | 6.66% |
| Fiscal Year | 2019 | 2020 | 2021 | 2022 |
| Actuarially determined contribution | \$52,874 | \$59,095 | \$65,367 | \$64,051 |
| Contributions in relation to the actuarially determined contributions | (52,874) | (59,095) | (65,367) | (64,051) |
| Contribution deficiency (excess) | \$0 | \$0 | \$0 | \$0 |
| Covered payroll | \$539,218 | \$565,043 | \$552,931 | \$572,283 |
| Contributions as a percentage of covered payroll | 9.81% | 10.46% | 11.82% | 11.19% |

* Fiscal year 2015 was the 1st year of implementation, therefore only eight years are shown.

Required Supplementary Information

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS Post Retirement Health Care Defined Benefit Plan Last 10 fiscal years*

| Measurement Date | 6/30/17 | 6/30/18 | 6/30/20 | 6/30/21 |
|---|-----------|-----------|-----------|-----------|
| Total OPEB Liability | | | | |
| Service Cost | \$4,180 | \$4,295 | \$9,530 | \$13,135 |
| Interest | 5,625 | 3,399 | 3,689 | 3,194 |
| Changes in benefit terms | | 48,368 | | |
| Differences between expected and actual experience | | | (40,570) | (6,378) |
| Changes of assumptions | | | 26,182 | 1,176 |
| Benefit payments | (3,146) | (3,272) | (1,650) | (1,923) |
| Net change in total OPEB liability | 6,659 | 52,790 | (2,819) | 9,204 |
| Total OPEB liability - beginning | 82,268 | 88,927 | 141,717 | 138,898 |
| Total OPEB liability - ending (a) | \$88,927 | \$141,717 | \$138,898 | \$148,102 |
| Plan fiduciary net position | | | | |
| Contributions - employer | \$3,146 | | \$1,650 | \$1,923 |
| Contributions - employee | | \$1,774 | | |
| Net investment income | | | | |
| Administrative expense | | | | |
| Benefit payments | (3,146) | (1,774) | (1,650) | (1,923) |
| Net change in plan fiduciary net position | 0 | 0 | 0 | 0 |
| Plan fiduciary net position - beginning (as restated) | 0 | 0 | 0 | 0 |
| Plan fiduciary net position - ending (b) | \$0 | \$0 | \$0 | \$0 |
| Net OPEB liability (asset) - ending (a)-(b) | \$88,927 | \$141,717 | \$138,898 | \$148,102 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.00% | 0.00% | 0.00% | 0.00% |
| Covered payroll | \$506,810 | \$701,455 | \$595,192 | \$590,054 |
| Net OPEB liability (asset) as a percentage of covered payroll | 17.55% | 20.20% | 23.34% | 25.10% |

* Fiscal year 2018 was the first year of implementation.

**WEST CONTRA COSTA TRANSPORTATION
ADVISORY COMMITTEE**

MEMORANDUM ON INTERNAL CONTROL

FOR THE YEAR ENDED JUNE 30, 2022

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**WEST CONTRA COSTA TRANSPORTATION
ADVISORY COMMITTEE**

MEMORANDUM ON INTERNAL CONTROL

For The Year Ended June 30, 2022

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MEMORANDUM ON INTERNAL CONTROL

To the Board of Directors of
West Contra Costa Transportation Advisory Committee
El Cerrito, California

In planning and performing our audit of the basic financial statements of the West Contra Costa Transportation Advisory Committee (WCCTAC) as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered WCCTAC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of WCCTAC's internal control. Accordingly, we do not express an opinion on the effectiveness of WCCTAC'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 WCCTAC's financial statements will not be prevented, or detected and corrected, on a timely basis.

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

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, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Maze + Associates

Pleasant Hill, California
February 10, 2023

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**WEST CONTRA COSTA TRANSPORTATION
ADVISORY COMMITTEE
MEMORANDUM ON INTERNAL CONTROL**

SCHEDULE OF OTHER MATTERS

2022-01: Upcoming GASB Pronouncements that May Impact WCCTAC's Financial Statements

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 YEARS 2022, 2023 and 2024:

GASB 99 – Omnibus 2022

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short term SBITA, and recognition and measurement of a subscription liability
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP)
- Disclosures related to nonmonetary transactions
- Pledges of future revenues when resources are not received by the pledging government

**WEST CONTRA COSTA TRANSPORTATION
ADVISORY COMMITTEE
MEMORANDUM ON INTERNAL CONTROL**

SCHEDULE OF OTHER MATTERS

GASB 99 – Omnibus 2022 (Continued)

- Clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*
- Terminology used in Statement 53 to refer to resource flows statements.

The Requirements of this Statement are Effective as Follows:

The requirements in paragraphs 26–32 related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.

The requirements in paragraphs 11–25 related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

The requirements in paragraphs 4–10 related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Earlier application is encouraged and is permitted by individual topic.

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

**WEST CONTRA COSTA TRANSPORTATION
ADVISORY COMMITTEE
MEMORANDUM ON INTERNAL CONTROL**

SCHEDULE OF OTHER MATTERS

EFFECTIVE FISCAL YEAR 2022/23:

GASB 91 – Conduit Debt Obligations

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having *all* of the following characteristics:

- There are at least three parties involved:
 - (1) an issuer
 - (2) a third-party obligor, and
 - (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

**WEST CONTRA COSTA TRANSPORTATION
ADVISORY COMMITTEE
MEMORANDUM ON INTERNAL CONTROL**

SCHEDULE OF OTHER MATTERS

GASB 91 – Conduit Debt Obligations (Continued)

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

How the Changes in this Statement will Improve Financial Reporting

The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations.

**WEST CONTRA COSTA TRANSPORTATION
ADVISORY COMMITTEE
MEMORANDUM ON INTERNAL CONTROL**

SCHEDULE OF OTHER MATTERS

GASB 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

PPPs – This Statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, Leases, as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of an SCA. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of an SCA or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement). The PPP term is defined as the period during which an operator has a noncancellable right to use an underlying PPP asset, plus, if applicable, certain periods if it is reasonably certain, based on all relevant factors, that the transferor or the operator either will exercise an option to extend the PPP or will not exercise an option to terminate the PPP.

A transferor generally should recognize an underlying PPP asset as an asset in financial statements prepared using the economic resources measurement focus. However, in the case of an underlying PPP asset that is not owned by the transferor or is not the underlying asset of an SCA, a transferor should recognize a receivable measured based on the operator's estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, a transferor should recognize a receivable for installment payments, if any, to be received from the operator in relation to the PPP. Measurement of a receivable for installment payments should be at the present value of the payments expected to be received during the PPP term. A transferor also should recognize a deferred inflow of resources for the consideration received or to be received by the transferor as part of the PPP. Revenue should be recognized by a transferor in a systematic and rational manner over the PPP term.

This Statement requires a transferor to recognize a receivable for installment payments and a deferred inflow of resources to account for a PPP in financial statements prepared using the current financial resources measurement focus. Governmental fund revenue would be recognized in a systematic and rational manner over the PPP term.

**WEST CONTRA COSTA TRANSPORTATION
ADVISORY COMMITTEE
MEMORANDUM ON INTERNAL CONTROL**

SCHEDULE OF OTHER MATTERS

GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements
(Continued)

This Statement also provides specific guidance in financial statements prepared using the economic resources measurement focus for a government that is an operator in a PPP that either (1) meets the definition of an SCA or (2) is not within the scope of Statement 87, as amended (as clarified in this Statement). An operator should report an intangible right-to-use asset related to an underlying PPP asset that either is owned by the transferor or is the underlying asset of an SCA. Measurement of the right-to-use asset should be the amount of consideration to be provided to the transferor, plus any payments made to the transferor at or before the commencement of the PPP term, and certain direct costs. For an underlying PPP asset that is not owned by the transferor and is not the underlying asset of an SCA, an operator should recognize a liability measured based on the estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, an operator should recognize a liability for installment payments, if any, to be made to the transferor in relation to the PPP. Measurement of a liability for installment payments should be at the present value of the payments expected to be made during the PPP term. An operator also should recognize a deferred outflow of resources for the consideration provided or to be provided to the transferor as part of the PPP. Expense should be recognized by an operator in a systematic and rational manner over the PPP term.

This Statement also requires a government to account for PPP and non-PPP components of a PPP as separate contracts. If a PPP involves multiple underlying assets, a transferor and an operator in certain cases should account for each underlying PPP asset as a separate PPP. To allocate the contract price to different components, a transferor and an operator should use contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment or use professional judgment to determine their best estimate if there are no stated prices or if stated prices appear to be unreasonable. If determining the best estimate is not practicable, multiple components in a PPP should be accounted for as a single PPP.

This Statement also requires an amendment to a PPP to be considered a PPP modification, unless the operator's right to use the underlying PPP asset decreases, in which case it should be considered a partial or full PPP termination. A PPP termination should be accounted for by a transferor by reducing, as applicable, any receivable for installment payments or any receivable related to the transfer of ownership of the underlying PPP asset and by reducing the related deferred inflow of resources. An operator should account for a termination by reducing the carrying value of the right-to-use asset and, as applicable, any liability for installment payments or liability to transfer ownership of the underlying PPP asset. A PPP modification that does not qualify as a separate PPP should be accounted for by remeasuring PPP assets and liabilities.

APAs – An APA that is related to designing, constructing, and financing a nonfinancial asset in which ownership of the asset transfers by the end of the contract should be accounted for by a government as a financed purchase of the underlying nonfinancial asset. This Statement requires a government that engaged in an APA that contains multiple components to recognize each component as a separate arrangement. An APA that is related to operating or maintaining a nonfinancial asset should be reported by a government as an outflow of resources in the period to which payments relate.

**WEST CONTRA COSTA TRANSPORTATION
ADVISORY COMMITTEE
MEMORANDUM ON INTERNAL CONTROL**

SCHEDULE OF OTHER MATTERS

GASB 96 – Subscription-Based Information Technology Arrangements

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which a government has a noncancelable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option).

Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, —which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

Activities associated with a SBITA, other than making subscription payments, should be grouped into the following three stages, and their costs should be accounted for accordingly:

- Preliminary Project Stage, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. Outlays in this stage should be expensed as incurred.
- Initial Implementation Stage, including all ancillary charges necessary to place the subscription asset into service. Outlays in this stage generally should be capitalized as an addition to the subscription asset.

**WEST CONTRA COSTA TRANSPORTATION
ADVISORY COMMITTEE
MEMORANDUM ON INTERNAL CONTROL**

SCHEDULE OF OTHER MATTERS

GASB 96 – Subscription-Based Information Technology Arrangements (Continued)

- Operation and Additional Implementation Stage, including activities such as subsequent implementation activities, maintenance, and other activities for a government’s ongoing operations related to a SBITA. Outlays in this stage should be expensed as incurred unless they meet specific capitalization criteria.

In classifying certain outlays into the appropriate stage, the nature of the activity should be the determining factor. Training costs should be expensed as incurred, regardless of the stage in which they are incurred.

If a SBITA contract contains multiple components, a government should account for each component as a separate SBITA or nonsubscription component and allocate the contract price to the different components. If it is not practicable to determine a best estimate for price allocation for some or all components in the contract, a government should account for those components as a single SBITA.

This Statement provides an exception for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources.

This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

How the Changes in this Statement will Improve Financial Reporting

The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government’s financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government’s SBITA activities and evaluate a government’s obligations and assets resulting from SBITAs.

**WEST CONTRA COSTA TRANSPORTATION
ADVISORY COMMITTEE
MEMORANDUM ON INTERNAL CONTROL**

SCHEDULE OF OTHER MATTERS

EFFECTIVE FISCAL YEAR 2023/24:

GASB 100 – Accounting for Changes and Error Corrections

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

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**WEST CONTRA COSTA TRANSPORTATION
ADVISORY COMMITTEE**

REQUIRED COMMUNICATIONS

**FOR THE YEAR ENDED
JUNE 30, 2022**

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**WEST CONTRA COSTA TRANSPORTATION
ADVISORY COMMITTEE
REQUIRED COMMUNICATIONS**

For the Year Ended June 30, 2022

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REQUIRED COMMUNICATIONS

To the Board of Directors of
West Contra Costa Transportation Advisory Committee
El Cerrito, California

We have audited the basic financial statements of the West Contra Costa Transportation Advisory Committee (WCCTAC) for the year ended June 30, 2022. 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 with the Chair of the Board during our discussion on November 14, 2022. 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 WCCTAC are described in Note 1 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:

GASB 87 – Leases

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (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, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

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

GASB 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32

The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

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

Unusual Transactions, Controversial or Emerging Areas – We noted no transactions entered into by WCCTAC 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 significances 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 WCCTAC’s financial statements were:

Estimated Fair Value of Investments: As of June 30, 2022, WCCTAC held approximately \$8.8 million of cash and investments as measured by fair value as disclosed in Note 2 to the financial statements. Fair value is essentially market pricing in effect as of June 30, 2022. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2022.

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 3 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.

Estimate of Compensated Absences: Accrued compensated absences which are comprised of accrued vacation, holiday, and certain other compensating time is estimated using accumulated unpaid leave hours and hourly pay rates in effect at the end of the fiscal year as disclosed in Note 1H to the financial statements. We evaluated the key factors and assumptions used to develop the accrued compensated absences and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Net Pension Liability and Pension-Related Deferred Outflows and Inflows of Resources: Management's estimate of the net pension liability and deferred outflows/inflows of resources are disclosed in Note 4 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of WCCTAC. 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.

Estimated Net OPEB Liability and OPEB-Related Deferred Outflows and Inflows of Resources: Management's estimate of the net OPEB liability and deferred outflows/inflows of resources are disclosed in Note 5 to the financial statements and is based on actuarial study determined by a consultant, which is based on the experience of WCCTAC. 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 relating to the performance of the 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's 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. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

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 February 10, 2023.

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 WCCTAC '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 WCCTAC’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.

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
February 10, 2023

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