

CROPPER ROWE, LLP

CERTIFIED PUBLIC ACCOUNTANTS

**EAST CONTRA COSTA REGIONAL FEE AND FINANCING AUTHORITY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025
(Including Auditors' Report Thereon)**

**EAST CONTRA COSTA REGIONAL FEE AND FINANCING AUTHORITY
ANNUAL FINANCIAL REPORT
JUNE 30, 2025**

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INDEPENDENT AUDITORS' REPORT

Ms. Joanne Bohren
Auditor-Controller
Contra Costa County
Martinez, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the East Contra Costa Regional Fee and Financing Authority (the "Authority"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 – 6 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2025, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an

opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "Crapper Rowe", is written over the text.

CROPPER ROWE, LLP
Walnut Creek, California
December 31, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

The financial statements for the fiscal year 2025 are being issued in the format prescribed by the provisions of Government Accounting Standards Board Statement 34 (GASB 34), which requires the Authority to provide this overview of its financial statements for the fiscal year. Please read it in conjunction with the Basic Financial Statements.

The East Contra Costa Regional Fee and Financing Authority (the Authority) was established on August 9, 1994 to finance the acquisition and/or construction of public capital improvements under a joint exercise of powers agreement (JEPA) between the cities of Antioch, Pittsburg, and Brentwood, along with Contra Costa County (the Participants). Amendment No.1 to the agreement added the City of Oakley as a participant.

The following management discussion and analysis (MD&A) will discuss the results of the Authority's operations.

FISCAL 2025 FINANCIAL HIGHLIGHTS

Financial highlights of the year include the following:

The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$142,133,144 an increase of \$8,272,049 over the \$133,861,095 balance for fiscal 2024.

All assets of the Authority at June 30, 2025 were considered current assets. Total assets of the Authority at June 30, 2025 were \$142,294,007, an increase of \$8,291,121 of the Authority's June 30, 2024 total assets of \$134,002,886.

All liabilities of the Authority at June 30, 2025 were considered current liabilities. Total liabilities of the Authority at June 30, 2025 were \$160,863 an increase of \$19,072 versus the Authority's June 30, 2024 total liabilities of \$141,791.

Total revenues collected from participant fees, repayments, and interest earnings in fiscal year 2025 amounted to \$11,022,901. This amount decreased by \$13,954,541 from the fiscal year 2024 total of \$24,977,442.

Expenses for the Authority in fiscal year 2025 amounted to \$2,750,852, a decrease of \$2,943,883 from the fiscal year 2024 expenses of \$5,694,735.

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL STATEMENT

This annual Financial Report is in four parts:

1. Management's Discussion and Analysis (this part),
2. Independent Auditors' Report,
3. The Basic Financial Statements, which include the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Fund Net Position, and the Statement of Cash Flows and the notes to these financial statements,

4. Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

THE BASIC FINANCIAL STATEMENTS

The Basic Financial Statements comprise the Authority-wide Financial Statements. The Statement of Net Position provides information about the financial position of the Authority as a whole on the full accrual basis at June 30, 2025, similar to that used in the private sector. The Statement of Revenues, Expenses, and Changes in Net Position provides information about the Authority’s revenues and all its expenses with the emphasis on measuring net revenues and expenses of the Authority.

The Statement of Cash Flows presents the change in the Authority’s cash and cash equivalents during the most recent fiscal year.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The following table presents the Statement of Net Position for the current fiscal year in comparison to the prior fiscal year.

TABLE 1
EAST CONTRA COSTA REGIONAL FEE AND FINANCING AUTHORITY
COMPARATIVE STATEMENT OF NET POSITION
JUNE 30, 2025

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Assets:				
Current Assets	\$142,294,007	\$134,002,886	\$ 8,291,121	6.2%
Total Assets	<u>142,294,007</u>	<u>134,002,886</u>	<u>8,292,121</u>	6.2%
Liabilities:				
Current Liabilities	160,863	141,791	19,072	13.5%
Total Liabilities	<u>160,863</u>	<u>141,791</u>	<u>19,072</u>	13.5%
Net Position:				
Unrestricted Net Position	142,133,144	133,861,095	8,272,049	6.2%
Total Net Position	<u>\$142,133,144</u>	<u>\$133,861,095</u>	<u>\$ 8,272,049</u>	6.2%

The following table presents the Statement of Revenues, Expenses, and Changes in Net Position for the current fiscal year in comparison to the prior fiscal year.

TABLE 2
EAST CONTRA COSTA REGIONAL FEE AND FINANCING AUTHORITY
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND
CHANGES NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenues:				
Fees	\$10,969,307	\$13,931,088	\$(2,961,781)	-21.3%
Repayments	-	11,000,000	(11,000,000)	-100.0%
Interest income	<u>53,594</u>	<u>46,354</u>	<u>7,240</u>	15.6%
Total Revenues	<u>11,022,901</u>	<u>24,977,442</u>	<u>(13,954,541)</u>	55.9%
Expenses:				
Investment services	180	157	23	14.7%
Administration	417,681	268,748	148,933	55.4%
Project expenses	<u>2,332,991</u>	<u>5,425,830</u>	<u>(3,092,839)</u>	-57.0%
Total Expenses	<u>2,750,852</u>	<u>5,694,735</u>	<u>(2,943,883)</u>	-51.7%
Change in Net Position	8,272,049	19,282,707	(11,010,658)	-57.1%
Net Position – beginning	<u>133,861,095</u>	<u>114,578,388</u>	<u>19,282,707</u>	16.8%
Net Position – ending	<u>\$142,133,144</u>	<u>\$133,861,095</u>	<u>\$ 8,272,049</u>	6.2%

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

The construction of State Route 4 Bypass is on-going. For fiscal year 2025 participant fee revenues decreased and expenses associated with the construction of State Route 4 Bypass decreased. This trend is expected to continue for the near future.

CONTACTING THE AUTHORITY’S FINANCIAL MANAGEMENT

This annual report is intended to provide the community with a general overview of the Authority’s finances. Questions about this report should be directed to the Contra Costa County Public Works Finance Department, Tammany Brooks, at 255 Glacier Drive, Martinez, California 94553.

**EAST CONTRA COSTA REGIONAL FEE AND FINANCING AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

Assets

Current Assets

Cash and investments (Note 2)	\$ 139,637,485
Accounts receivable - other agencies (Note 3)	2,643,382
Interest receivable	<u>13,140</u>

Total assets	<u>142,294,007</u>
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Liabilities

Current Liabilities

Accounts payable - other agencies (Note 4)	<u>160,863</u>
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Total liabilities	<u>160,863</u>
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Net Position

Unrestricted	<u><u>\$ 142,133,144</u></u>
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**EAST CONTRA COSTA REGIONAL FEE AND FINANCING AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

Cash flows from operating activities

Cash received from fees	\$ 11,742,244
Cash received as repayments	-
Cash payments to suppliers	<u>(2,731,780)</u>
Net cash provided by operating activities	<u>9,010,464</u>

Cash flows from investing activities

Interest	<u>53,384</u>
Net cash provided by investing activities	<u>53,384</u>
Net increase in cash	9,063,848
Cash at beginning of year	<u>130,573,637</u>
Cash at end of year	<u><u>\$ 139,637,485</u></u>

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating income (loss)	\$8,218,455
Adjustments to reconcile operating income to net cash provided by operating activities	
Decrease in accounts receivable - other agencies	772,937
Increase in accounts payable - other agencies	<u>19,072</u>
Net cash provided by operating activities	<u><u>\$ 9,010,464</u></u>

EAST CONTRA COSTA REGIONAL FEE AND FINANCING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1 - DEFINITION OF REPORTING ENTITY

A. Organization

The East Contra Costa Regional Fee and Financing Authority (the Authority) was established on August 9, 1994 under a Joint Exercise of Powers Agreement (JEPA) between the County of Contra Costa, the City of Antioch, the City of Pittsburg, and the City of Brentwood (the Participants). Amendment I to the original JEPA added the City of Oakley as a member of the Authority. The Authority was formed to finance the acquisition and/or construction of public capital improvement projects. Article 1 of Chapter 5 of Division 7 of the California Government Code authorizes the Participants to create a joint exercise of powers entity.

The JEPA designated the Contra Costa County Public Works Director as the Secretary for the Authority, and Contra Costa County's Auditor-Controller as the Controller for the Authority. The secretary is responsible for keeping the records of the Authority and the Controller is responsible for making payments for the obligations of the Authority.

The Authority is a public entity separate from the participants. It serves as a vehicle for the participants to work together to plan and develop the capital improvement projects. All assets and liabilities of the Authority are the sole responsibility of the Authority and not the individual Participants.

The Authority was established for the purposes of:

- (a) identifying Projects to be funded
- (b) establishing a uniform regional development fee program for funding the Projects
- (c) establishing an implementation schedule for the Projects
- (d) establishing fee collection, financing and management mechanisms for development of the Projects

B. Basis of Accounting

The accompanying financial statements were prepared using the accrual basis of accounting. Under this method revenues are recognized when they become measurable and available. Measurable means the amount of the transaction can be determined and available means that they are collectable within the current period or soon thereafter. Expenses are recorded when the liability is incurred.

C. Recognition of Fee Revenue

The amount of fee revenue reported only represents the fees earned and remitted to the Authority by the Participants for the fiscal year ended June 30, 2025. No audit procedures were performed at the individual Participants to ensure that the amounts reported and remitted to the Authority were accurate.

EAST CONTRA COSTA REGIONAL FEE AND FINANCING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

Note 1 DEFINITION OF REPORTING ENTITY (continued)

D. Cash and Investments

The Authority maintains its cash in the Treasury of Contra Costa County. The Authority invests its excess funds with the Local Agency Investment Fund (LAIF). This fund is administered by the Treasurer of the State of California and is permitted by statute. Investments are carried at fair value.

For purposes of the statement of cash flows, the Authority considers investments in certificates of deposit and the Local Agency Investment Fund to be cash equivalents because the investments are used essentially as a demand deposit account.

Note 2 - CASH AND INVESTMENTS

Cash and investments totaling \$139,637,485 at June 30, 2025 consisted of \$138,438,151 pooled in the County Treasury and \$1,199,334 deposited with the California Local Agency Investment Fund (LAIF).

Note 3 - FEES RECEIVABLE

The receivable balance represents amounts due from the Participants for fees collected but not yet remitted to the Authority. At June 30, 2025, there were \$2,643,382 of collected fees receivable from the participants.

Note 4 - ACCOUNTS PAYABLE - OTHER AGENCIES

The accounts payable balance at June 30, 2025 of \$160,863 consists of \$155,265 payable to State Route 4 Bypass Authority, \$44 for Investment Services, and \$5,554 payable to the County.

Note 5 – SUBSEQUENT EVENTS

Management evaluated all activity of the Authority through the date of the Independent Auditors' Report, and concluded that no subsequent events have occurred that would require recognition in the financial statements of disclosure in the notes to the financial statements.

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

Ms. Joanne Bohren
Auditor-Controller
Contra Costa County
Martinez, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of East Contra Costa Regional Fee and Financing Authority (the "Authority"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 31, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Financial Closing and Reporting Reconciliation Control

The Authority's internal controls failed to prevent or detect a material understatement of revenues totaling \$176,605 and an understatement of expenditures totaling \$12,928 prior to the close of the County's general ledger. These errors occurred because the Authority's revenues and expenditures were incorrectly recorded to the accounts of other entities managed by the Contra Costa County, and the errors were only identified after the County's hard-close deadline, which precludes retrospective adjustments to the books. Because management elected to issue financial statements that knowingly include these understated revenues and expenditures rather than correcting the underlying data, this represents a material weakness in internal control and resulted in a modified opinion on the financial statements. Reliance on the County's rigid closing schedule does not relieve the Authority of its responsibility to present financial statements in accordance with Generally Accepted Accounting Principles (GAAP), which require that financial records be free from material misstatement.

Recommendations for Management

Pre-Close Reconciliation: Implement a mandatory reconciliation process 10 business days prior to the County's closing deadline to verify that all charged expenditures belong exclusively to the Authority.

Inter-Agency Validation: Establish a formal sign-off procedure with the separate authority to confirm shared or similar expenditure types are allocated to the correct funds before they are finalized.

GAAP Overrides: In instances where the County's ledger is closed, management should maintain a process for "top-side" adjustments to ensure the final audited financial statements are GAAP-compliant, even if they differ from the County's internal budgetary records.

Report on Compliance and Other Matters

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

Purpose of This Report

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



CROPPER ROWE, LLP
Walnut Creek, California
December 31, 2025