CONTRA COSTA
transportation
authority

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2020

CONTRA COSTA
TRANSPORTATION AUTHORITY
2999 OAK ROAD, SUITE 100
WALNUT CREEK, CA 94597

CONTRA COSTA TRANSPORTATION AUTHORITY

WALNUT CREEK, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

Prepared by: Finance Department

CONTRA COSTA TRANSPORTATION AUTHORITY
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

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Comprehensive Annual Financial Report
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Introductory Section

CONTRA COSTA
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December 18, 2020

To the Contra Costa County Taxpayers & Contra Costa Transportation Authority Commissioners:

The Comprehensive Annual Financial Report for the Contra Costa Transportation Authority (the Authority) for the year ended June 30, 2020 is hereby submitted. Responsibility for both accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Authority. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included.

The Authority was established in 1988 when Contra Costa County voters passed Measure C, which was a 20-year, one-half of one percent (½%) sales tax for specified transportation purposes. In 2004, based upon the success of Measure C, the voters of Contra Costa County passed Measure J which extended the one-half of one percent countywide transportation sales tax through 2034.

The Authority's financial statements have been audited by the accounting firm Macias Gini & O'Connell LLP. The independent auditor concluded that the Authority's financial statements for the fiscal year ended June 30, 2020, are fairly presented in conformity with U.S. Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of this report.

The Management's Discussion & Analysis (MD&A) provides a narrative introduction, overview and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A is found immediately following the independent auditor's report in the financial section.

INTERNAL CONTROLS

The Authority's management is responsible for establishing and maintaining an internal control structure designed to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the calculation of costs and benefits requires estimates and judgments by management.

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PROFILE OF THE AUTHORITY

The Authority serves Contra Costa County and its nineteen cities and towns, located in the East Bay of the San Francisco Bay Area. The county covers approximately 733 square miles and has a population of 1.1 million people.

The Authority was established with the passage of Contra Costa County's Measure C in November 1988. As required under the Local Transportation Authority and Improvement Act (SB 142, Chapter 786, Statues of 1987: §180000 et seq. of the Public Utilities Code), the expenditures by Measure C are "for the construction and improvement of state highways, the construction maintenance, improvement, and operation of local streets, roads, and highways, and the construction, improvement, and operation of public transit systems," including paratransit services (California Public Utilities Code §180205) and for specific efforts supporting such investments.

In June 1990, the Authority was designated by the cities and towns in Contra Costa County and the County of Contra Costa (the County) as the Congestion Management Agency (the CMA) for the County pursuant to provisions of Senate Constitutional Amendment 1, approved by the voters of the State, thereby being charged with the statutory obligation to carry out congestion management responsibilities for Contra Costa County.

In 2004, the voters extended the sales tax measure by passing Measure J, which extended the one-half of one percent countywide from 2009 to 2034. Measure J built on the foundation established by Measure C, by providing needed transportation projects and programs throughout Contra Costa County.

The Authority Board is comprised of eleven members: eight elected officials appointed by each of the four sub-regional transportation committees from central, east, southwest, and west parts of the County; two elected County officials appointed by the Board of Supervisors representing the County; and one elected official appointed by the Contra Costa Conference of Mayors. The Executive Director of the Authority is appointed by the Authority Board and runs the day-to-day business.

ECONOMIC OUTLOOK

Contra Costa County's economy had continued to show growth in 2019-20 with sales tax revenues projected to be $94 million for the fiscal year and an unemployment rate of 3.1% in February 2020. On March 19, 2020, the State of California issued the executive order for the preservation of public health and directed all Californians to stay home except to go to essential jobs and to shop for essential needs. The global pandemic related to COVID-19 created an economic hardship for many and unemployment reached 14.5% due to the closure of many businesses related to professional, business and private services, leisure and hospitality, trade, restaurants and retail, transportation, manufacturing and other services. In May, new modifications and guidance by the state allowed some businesses to slowly open and the unemployment rated ended the fiscal year in June at 13.4%. Since June, the unemployment rate has moved to 9.3% in September 2020 and in November we saw another surge of COVID-19 cases on the cusp of the announcement of a pair of vaccines. These vaccines bring hope and prosperity to help the healing process both personally and professionally to all that have been greatly impacted by the pandemic.

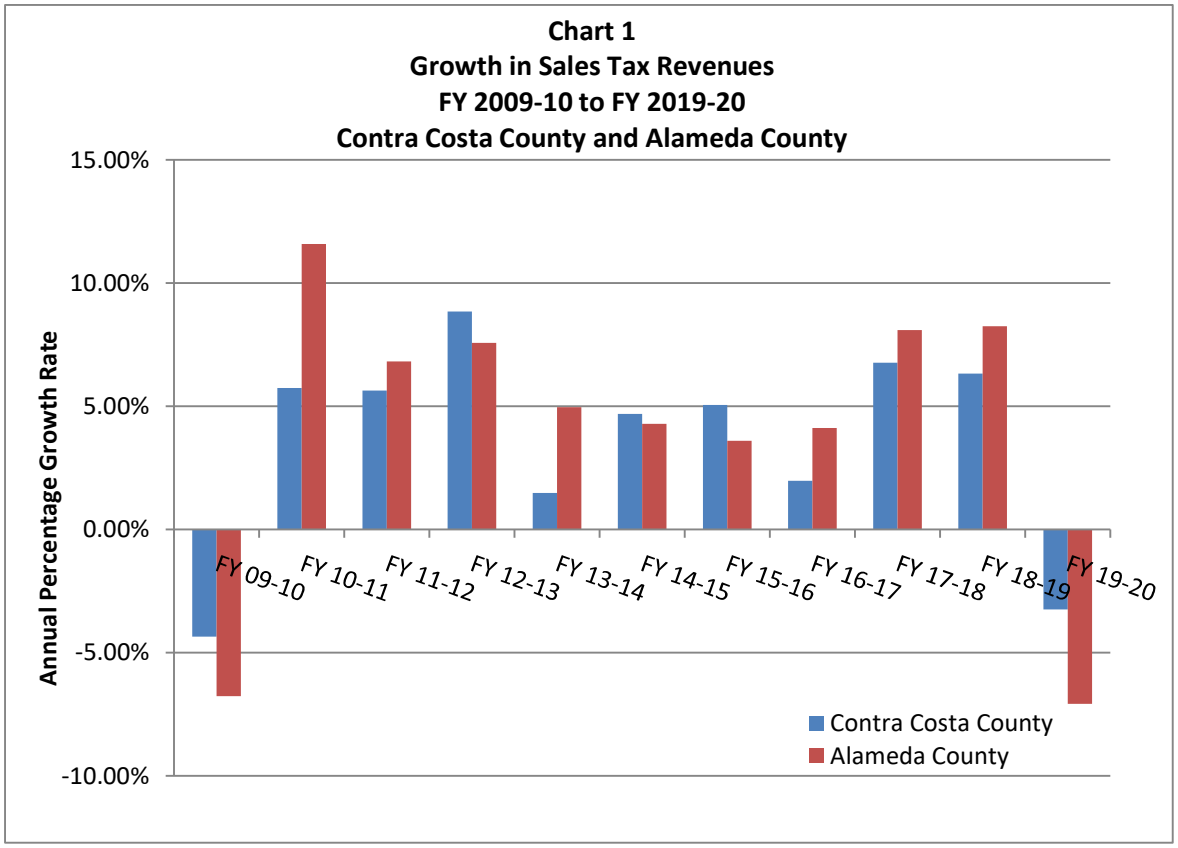
Fiscal year 2020 sales tax revenue remained positive despite the pandemic and ended the fiscal year at $93.5 million a decrease of 3.2% from the prior year. New auto sales, fuel and service stations and restaurant and hotel sectors were affected by the pandemic; whereas general consumer and food and drug sectors surged on the shift to online shopping and surplus supplies purchases continued. As employees started to work again and many continued working from home creating an economic rebound. Consumer confidence,

lower interest rates on borrowing, savings from no longer commuting and delayed or canceled travel expenses produced additional resources for some to complete home improvements and purchase additional general consumer goods. Current and future on-line shopping will become the preference and most business will need to adapt and invest in this technology.

Contra Costa County's economic outlook will be faced with many challenges that were presented in 2020 and will be faced with many uncertain economic challenges in 2021. Contra Costa County has proven to support a strong economic base during the pandemic as the county is home to many cities with both small and large residential communities. The number one hurdle for a strong economic recovery will be the global strategy on controlling the pandemic and determining the path for a safe return to work for all employees. The economic outlook is tempered by state, national, and international economic issues that could reverse or stall some of the gains we have seen. Some important aspects will be interest rates remaining low for the next few years, the potential for another economic stimulus and the economic plan form the nations new president.

ECONOMIC BASE FOR SALES TAX REVENUES

The economic base in Contra Costa County is somewhat different than the sales tax base in adjacent Bay Area counties. Chart 1 illustrates the different growth rates in sales tax revenues in Contra Costa and Alameda counties over the past several years. The chart clearly shows the effect of the recession and return on sales tax revenues in both counties and the current influence of the pandemic.



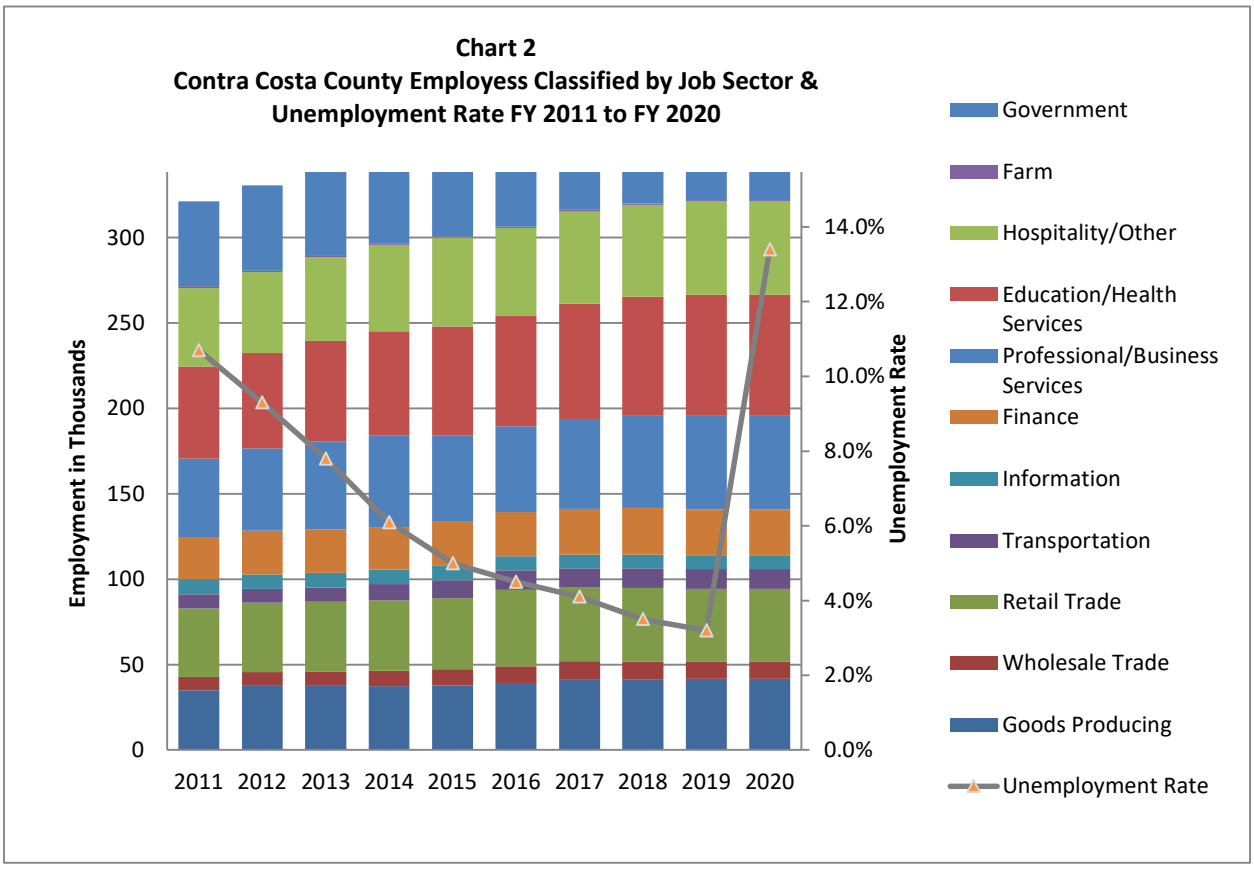
Source: Authority audited financial statements and State Board of Equalization

COMPONENTS OF TAXABLE TRANSACTIONS

For fiscal year 2020, Contra Costa County sales tax decreased 3.2% over fiscal year 2019; whereas, Alameda County sales tax for 2020 decreased 7.1% over 2019. The leading industry groups of total taxable transactions for Contra Costa County are General Consumer Goods (30%), Autos and Transportation (18%), Business and Industry (16%), Restaurants and Hotels (10%), Building and Construction (11%), Fuel and Service Stations (6%) and Food and Drug (9%).

EMPLOYMENT

Chart 2 shows the employment diversity in Contra Costa County as of March 2018 (most recent data available). Due to the pandemic and the backlog of data that will need to be accumulated and processed the actual decreases in employment by job sector will be significant. The global pandemic started in March 2020 when unemployment in Contra Costa County was reporting 3.1% and a labor force of 559 thousand and an employment workforce of 542 thousand. Many job sectors were impacted by the shutdowns and unable to work from home. The number of employees forced to file for unemployment increased 60 thousand as the unemployment rate quickly increased to 14.5% in April. As of September 2020, the estimated number of employees returning to work was 28 thousand and the remaining unemployed is 50 thousand or 9.3% of the 536 thousand that make up the labor force in Contra Costa County. With the U.S. unemployment rate at all-time highs and the timeline for the recovery uncertain, many job sectors will see a delay in hiring but many sectors will hire employees to help support the growth of on-line shopping. Many businesses will hire and train employees as these businesses adapt to the transitions of how consumers shop for goods and services in 2020-2021.



Source: State of California – Employment Development Department

LONG RANGE FINANCIAL PLANNING

The Authority implements the Measure J Expenditure Plan by preparing Strategic Plans approximately every two to three years. The update provides the opportunity to review our plans and policies and amend them to respond to new or evolving issues. More specifically, the sales tax revenues update allows us to commit funding to specific projects and programs for a specified period of time (approximately 4 to 7 years). It also gives the Authority the ability to look long term and, if needed, allows us to make adjustments to projects and programs based on sales tax revenue reductions or increases.

The Measure C Strategic Plan update was approved by the Authority Board in January 2012. Measure C stopped collecting sales tax receipts on March 31, 2009, and the majority of Measure C projects and programs are complete. There are several projects still underway, and this update committed funds to I-680 Corridor and State Route 4. The strategic plan also includes policies to wind down Measure C by fiscal year 2021.

The last Measure J Strategic Plan update was approved by the Authority Board in September 2019. Revenue projections play a major role in shaping the strategic plan as forecasting the future sales tax revenue is inherently uncertain. Advantageous interest rates on the 2012, 2015, 2017 and 2018 bond issuances have resulted in significant Measure J programming capacity now available for projects. The 2019 Strategic Plan makes commitments of Measure J funding for specific projects through June 30, 2025. Sales tax revenues are now estimated to total $2.59 billion over the 25-year life of Measure J, a decrease of about $130 million compared to the 2016 Strategic Plan update.

In September 2020, the Authority addressed the potential impacts of a declining sales tax revenue projection because of the COVID-19 pandemic. Current year sales tax revenue are exceeding projections in the current strategic plan, but the long-term impacts are unknow and need to be addressed immediately. The Authority approved the framework and principles for preparing and prioritizing future Measure J appropriations to remaining projects programed in the 2019 Measure J Strategic Plan. A total of thirty-two locally sponsored projects were evaluated and staff reviewed Authority managed projects as well to determine set priorities for advancement. This criteria and process of future allocations will be essential in allocating all remaining Measure J funding.

The result of the work done by the Authority and the regional transportation planning committees kept projects moving forward. The projects department is focused on major improvements to address current and future transportation needs. During the fiscal year, the major projects were the Interstate 680 / State Route 4 Interchange Improvements adding capacity and safety within the interchange area, Interstate 680 Carpool Lane project will provide continuous High Occupancy Vehicle lane in the southbound lane will provide a continuous High Occupancy Lane from one end of the county to the other and Express Bus infrastructure, the El Cerrito del Norte BART Station Modernization project provides upgrades for comfort and security to meet increased ridership over the next decade. These projects greatly improve the efficiency of vehicular travel and enhancing safety. Other major streets projects were completed in the cities of San Ramon, Pleasant Hill, Concord and Martinez. These projects made improvements to major thoroughfares and additional safety features for pedestrians and bicyclists. The planning department performs and works with the individual cities to help with regional planning tasks, project modeling and studies related to corridors, bus implementation plans, ridesharing and land use planning as it relates to transportation. Also, the planning department facilitates funding related to regional transportation of Livable Communities Grants while supporting local efforts to achieve pedestrian/bicycle friendly projects linked into the overall transit system. All the regional partnerships help facilitate the implementation of critical transportation improvements. These projects have and will reduce congestion and commute time throughout the county and provide needed jobs. Measure J continues to fund programs such as Bus Transit, Paratransit, Express Bus, Safe Transportation for Children, and Commute Alternatives.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

This is the nineth year the Authority has prepared the comprehensive annual financial report, made possible by the dedication of the finance staff, Sherri Sylva and Irene Ortega. I would also like to thank all Authority staff, as without their efforts this report would not be possible. Credit must be given to the Authority Board and Executive Director, Randell Iwasaki, for their support and leadership. Finally, we thank the taxpayers of Contra Costa County who have entrusted the Authority with the responsibility to provide improved transportation systems throughout the county.

Sincerely,

Brian Kelleher
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Contra Costa Transportation Authority
California

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

CONTRA COSTA TRANSPORTATION AUTHORITY

BOARD MEMBERS
(As of June 30, 2020)

Commissioners	**Names**	**Appointed By**
Board Chair	Julie Pierce	TRANSPAC
Board Vice Chair	Teresa Gerringer	SWAT
Commissioner	Tom Butt	WCCTAC
Commissioner	Chris Kelley	WCCTAC
Commissioner	Dave Hudson	SWAT
Commissioner	Loella Haskew	TRANSPAC
Commissioner	Federal Glover	Board of Supervisors
Commissioner	Karen Mitchoff	Board of Supervisors
Commissioner	Kevin Romick	TRANSPLAN
Commissioner	Robert Taylor	TRANSPLAN
Commissioner	Newell Arnerich	Conference of Mayors
Alternate Commissioners	**Names**	**Appointed By**
Commissioner – 1st (Glover)	Candace Andersen	Board of Supervisors
Commissioner – 2nd (Glover) / 1st (Mitchoff)	John Gioia	Board of Supervisors
Commissioner – 3rd (Glover)	Diane Burgis	Board of Supervisors
Commissioner	Dave Hudson	Conference of Mayors
Commissioner (Romick)	Juan Banales	TRANSPLAN
Commissioner (Taylor)	Sean Wright	TRANSPLAN
Commissioner – 1st (Pierce) / 2nd (Haskew)	Carlyn Obringer	TRANSPAC
Commissioner- 1st (Haskew) / 2nd (Pierce)	Susan Noack	TRANSPAC
Commissioner (Gerringer)	Renata Sos	SWAT
Commissioner (Hudson)	Karen Stepper	SWAT
Commissioner	Roy Swearingen	WCCTAC
Ex-Officios	**Names**	**Appointed By**
Representative	Amy Worth	MTC
Representative	Debora Allen	BART
	Alt. Mark Foley	BART
Representative	Monica Wilson	Tri Delta Transit
	Alt. Maureen Powers	WestCAT

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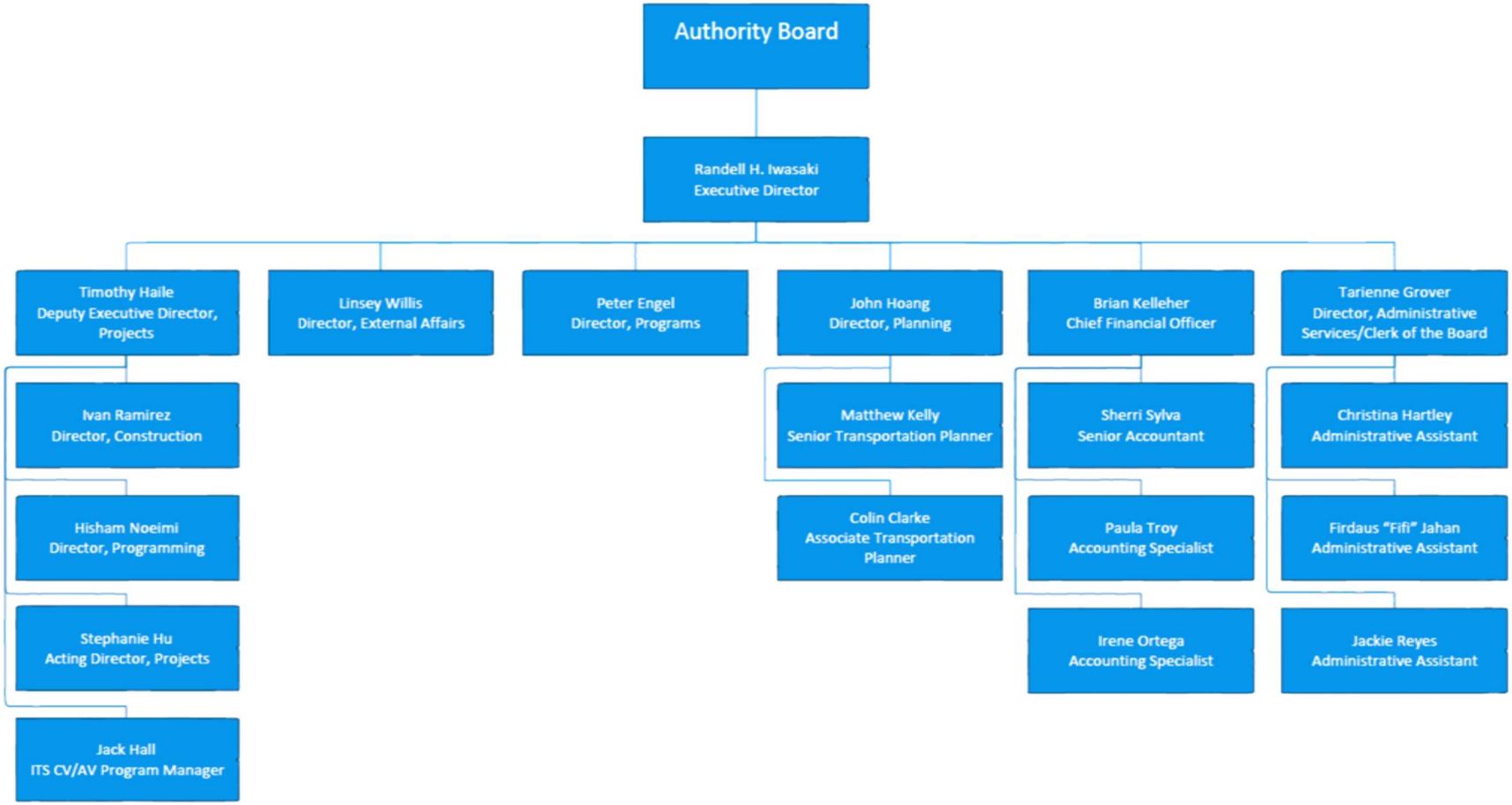

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Financial Section

Certified
Public
Accountants

Independent Auditor's Report

Board of Commissioners
Contra Costa Transportation Authority
Walnut Creek, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Contra Costa Transportation Authority (Authority), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Authority, as of June 30, 2020, and the respective changes in financial position thereof, and the respective statements of revenues, expenditures and changes in fund balance – budget and actual for the Measure J General Fund, Measure J Local Streets and Roads Special Revenue Fund, and Measure C Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of the net pension liability and related ratios, schedule of contributions – pension plan, schedule of changes in net OPEB liability and related ratios, and schedule of contributions – OPEB plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The individual and combining fund financial statements and schedules and other information, such as the introductory and statistical sections as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual and combining fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual and combining fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 18, 2020 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.

Macias Gini & O'Connell LLP

Walnut Creek, California
December 18, 2020

Contra Costa Transportation Authority's (the Authority) Management Discussion and Analysis (MD&A) provides to the Authority Board, Administration & Projects Committee (which serves as the Authority's Audit Committee), interested parties and the public in general a readable summary and analysis of the financial performance for the year ended June 30, 2020. The MD&A should be read in conjunction with the Basic Financial Statements.

SUMMARY OF FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED JUNE 30, 2020

- The Authority-wide Financial Statements, the Statement of Net Position and the Statement of Activities, show that liabilities and deferred inflows of resources exceeded the assets and deferred outflows of resources of the Authority by ($410.459) million as of June 30, 2020. The deficit is due to the Authority's issuance of debt. A major factor to consider when reviewing the Statement of Net Position is that the Authority does not hold or retain title for the projects it constructs. The Authority enters into debt financing, which is used to accelerate projects for the benefit of Contra Costa County residents and taxpayers. The reporting of this debt, without having a corresponding asset, results in a negative net position.

- No corresponding asset exists on the Authority's financial statements for assets acquired with long-term debt. Other agencies, such as Caltrans, BART, Contra Costa County, or the cities within Contra Costa County, typically hold title to the transportation assets built or improved by Measure C and Measure J financing. As of June 30, 2020, Measure C and Measure J had spent $1.831 billion on transportation infrastructure improvements within Contra Costa County, on assets that are owned by and shown on the financial statements of other public agencies. An additional $680.430 million to date has been spent by the Authority for Measure C and J programs (i.e. Local Street Maintenance and Improvement, Commute Alternatives, Bus Transit, and Paratransit).

- Total assets amount to $159.088 million, consisting primarily of cash and investments amounting to $125.868 million, receivables due from others amounting to $32.587 million, prepaid amounting to $3 thousand, net Other Postemployment Benefits (OPEB) asset amounting to $426 thousand (see Note 8) and capital assets (net of depreciation) amounting to $204 thousand. Total assets decreased by $36.408 million from the prior year, partially due to the 2017A bonds proceeds and Measure C and Measure J CIP project reserves used to finance the construction costs associated with certain transportation projects authorized by the Measure C and Measure J expenditure plans.

- Liabilities totaled $598.146 million, consisting of accounts payable, accrued employee benefits, derivative instrument, and long-term debt. Liabilities decreased by $19.647 million. Long-term debt decreased $23.869 million due to the payment of debt and amortization of the Sales Tax Revenue Bonds, an increase of $9.655 million on the swap liability of $33.767 million, a decrease of $4.495 million in accounts payable compared to the prior year, a decrease of $979 thousand in net pension liability and a net decrease of $41 thousand in accrued employee benefits payable.

- Sales tax revenues of $93.472 million were earned for the year ended June 30, 2020, a decrease of $3.136 million (3.2%) from the prior year as the economy struggled from the COVID-19 pandemic. New auto sales, fuel and service stations and restaurant and hotel sectors were affected by the pandemic; whereas general consumer and food and drug sectors surged on the shift to online shopping and surplus supplies purchases continued. Sales tax revenue accounted for 51.1%, program revenues accounted for 45.8%, and investment income accounted for 3.2%, of revenues earned by the Authority.

- Total expenses including interest on long-term debt were $193.501 million, which represents an increase of $15.351 million from the prior year. In the year ended June 30, 2020, expenses on Programs and Projects amounted to $45.967 million and $115.606 million, respectively. Construction costs can fluctuate based on the phase and number of capital projects being constructed annually and increased $6.617 million. The major construction projects in the year are I-680 Carpool Lane Completion/Express Lanes, $51.612 million and the I-680/State Route 4 Interchange Improvements, $38.072 million.

- The Authority's net position decreased $10.447 million during the year ended June 30, 2020. The changes are due to completing project milestones and the Authority not maintaining those assets as mentioned above.

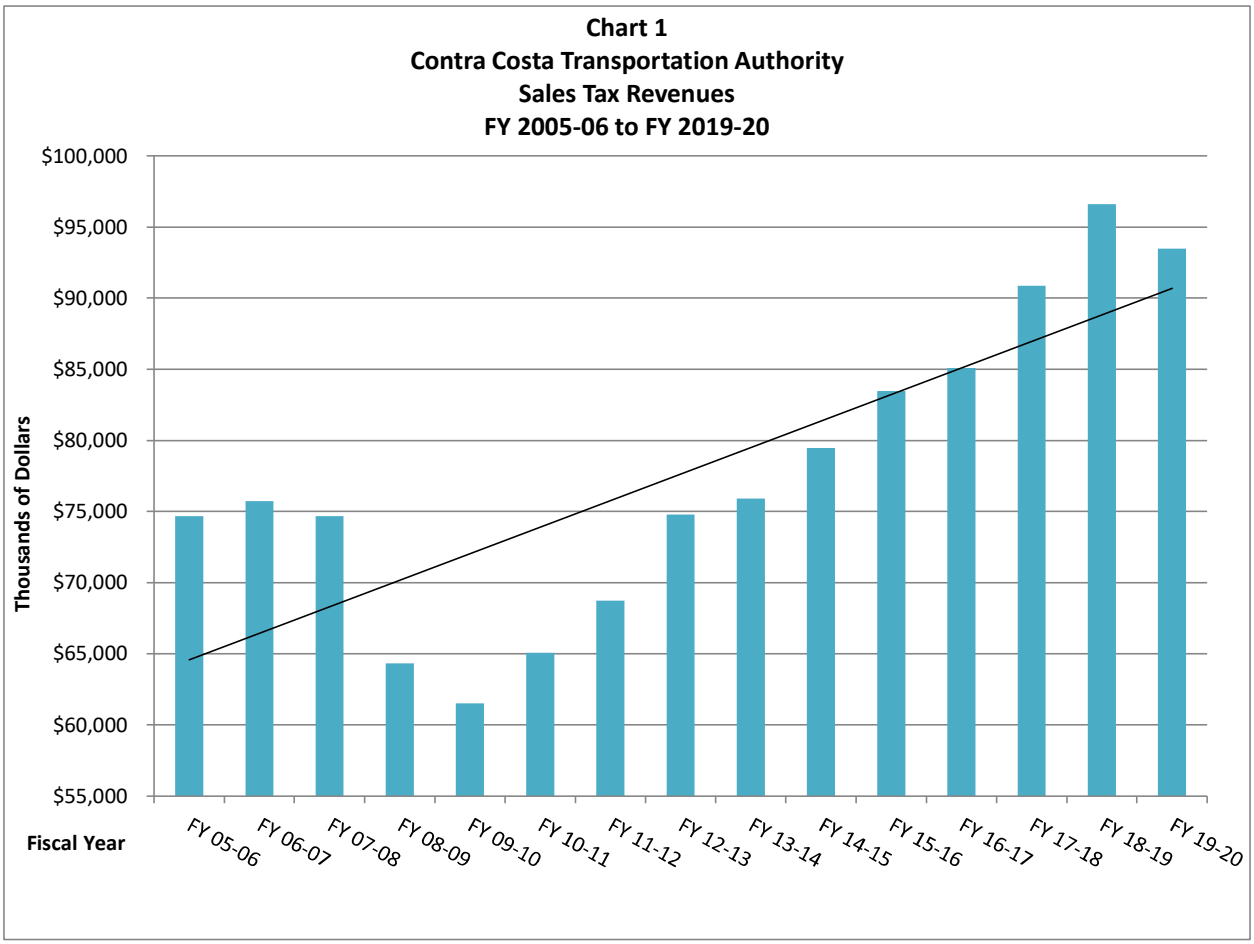
BACKGROUND AND SUPPORTING INFORMATION

Organization. The Contra Costa Transportation Authority (Authority) is a government special district established under Division 19 of the California Public Utilities Code Section 180000 et seq., pursuant to Contra Costa County Ordinance 88-01 (as amended by Ordinance 06-02). The Authority became effective in its current role following a ballot referendum approved by the voters of Contra Costa County on November 8, 1988. The referendum, Measure C, established a county-wide half-percent sales tax imposed effective April 1, 1989 and remaining in effect through March 31, 2009. The Authority is responsible for carrying out the provisions of Measure C, the Expenditure Plan, and the Growth Management Plan. On November 2, 2004, the voters in Contra Costa County approved Measure J, extending the county-wide half-percent sales tax from April 1, 2009 (the end of the term of Measure C) through March 31, 2034. The Authority is also responsible for carrying out the provisions of Measure J, the Expenditure Plan and the Growth Management Plan.

The Authority is governed by a Board of 11 elected officials, two members appointed by the County Board of Supervisors, two members appointed by each of the four subregional transportation areas, and one appointed by the Contra Costa County Conference of Mayors.

Sales Tax Revenues. The Authority relies primarily on the county-wide half-cent sales tax revenues for carrying out the provisions of Measure C and Measure J. Sales tax revenues in the year ended June 30, 2020, were $93.472 million, which represents 51.1% of all the revenues received by the Authority. This is a decrease of $3.136 million or 3.2% from the sales tax revenues received in Fiscal Year 2018-19. Revenue declined in the April to June quarter from the COVID-19 pandemic as businesses closed and unemployment increased. Three sectors saw big loses: the first was fuel and service stations down (20%), the second was autos and transportation down (13%) and the third was restaurants and hotels down (15%). As people shifted to a work from home scenario, they had additional resources to spend based on reduced commute and work-related expenses, few entertainment and travel options. Also, low interest rates allowed for extra money to be spent on autos and home improvement. Buyers shifted to online shopping for home offices, virtual classrooms, electronics, home furnishing and recreational equipment pushing general consumer goods up (6%). Retailers are responding by increasing their investment in mobile shopping platforms and delivery systems.

Chart 1 shows the annual sales tax revenues received from Fiscal Year 2005-06 through Fiscal Year 2019-20.



Source: Authority audited financial statements

The county economy in the last fiscal year up until the March COVID-19 pandemic continued to move forward and build on the economic expansion that has taken place in the post-recession era the last decade. While current economic conditions reflect the impact from the pandemic and the county-based health and safety decisions triggered immediate closure of businesses, a spike in unemployment and much uncertainty about the recovery process. The high unemployment rates were primarily felt in lower wage sectors as knowledge workers including professionals, analysts and marketers continued to work from home. Results from building and construction saw job site shutdowns followed by construction spending increases in consumer spending on home improvements driving up returns at outlets. The business and industry group were met with the demand for equipment, supplies and technology to accommodate work and school at home conversions. Lack of dining opportunities along with stay at home mandates drove sales at full-service grocery stores. Fuel and service station revenue was impacted as people stayed at home and did not travel or participate in many road trips. The current outlook will be determined by the control of the pandemic coupled with a potential vaccine. The Fed will keep interest rates low to cushion the effects and help start the economic recovery plan. There appears to be a shift in the consumer spending on-line and this will put demands on retailers to adapt and increase spending on technology to remain in business. As county restriction orders are modified, unemployment will improve, and consumer spending will increase.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority's Financial Statements are organized in three parts:

1. The Management Discussion and Analysis,
2. The Basic Financial Statements, which include the Authority-wide and the Fund financial statements along with the Notes to these financial statements, and
3. Required Supplementary Information

This report also contains other supplementary information in addition to the basic financial statements themselves.

Authority-wide Government-wide Financial Statements

The Authority-wide financial statements are designed to provide a longer-term view of the Authority's financial position, using a full accrual accounting method similar to the model used in the private sector. A main difference for the Authority, as compared to other government entities, concerns the impacts of the volume of outstanding debt and the absence of Authority title to the transportation infrastructure assets constructed with that debt.

- The Statement of Net Position provides a broader overview of the long-term assets and liabilities of the Authority. The principal owed on the bonds issued by the Authority, over all of the years the principal is to be repaid, is reported in the current year statements as an unpaid liability.
- The Statement of Net Position includes an element showing the value of depreciated capital equipment and infrastructure. For the Authority, this is a small number, since other agencies hold title to the transportation projects that the Authority funds.
- The resulting negative unrestricted net position is due to the Authority borrowing to construct projects on behalf of Contra Costa County residents and taxpayers, transportation infrastructure assets that are owned by other public agencies.

Table 1 compares features of the government-wide financial statements and the traditional governmental fund accounting financial statements.

Table 1

Comparison of Qualities of the Government-Wide Financial Statements
Compared to Financial Statements Prepared Under Traditional Governmental Fund Accounting

Quality	Government-wide Financial Statements	Governmental Fund Financial Statements
Scope	Entire Authority	Activities of the Authority that are not proprietary or fiduciary
Required Statements	• Statement of Net Position • Statement of Activities (government-wide)	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances • Budgetary Comparison Schedule (for each individual fund)
Basis of Accounting, Measurement Focus	• Full accrual accounting • Economic resources focus	• Modified accrual accounting • Focus on current financial resources

The **Statement of Net Position** summarizes the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. The Statement of Net Position is designed to provide information about the financial position of the Authority as a whole, including all of its capital assets and long-term liabilities, on a full accrual basis of accounting similar to the accounting model used by private sector firms. Table 2 summarizes the net position of governmental activities for the years ended June 30, 2020 and June 30, 2019.

Table 2
Statement of Net Position
(In Thousands)
Governmental Activities

	June 30, 2020	June 30, 2019
ASSETS		
Cash and Investments	$ 112,372	$ 145,497
Restricted cash and investments	13,496	28,640
Receivables	32,587	21,032
Prepaid	3	2
Net OPEB asset	426	65
Capital assets	204	260
Total assets	159,088	195,496
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	1,231	2,403
Deferred outflows of resources related to OPEB	323	325
Deferred outflow of resources related to fair value of hedging derivative	3,471	-
Deferred outflows of resources on refunding of debt	34,153	36,636
Total deferred outflows of resources	39,178	39,364
LIABILITIES		
Long-term debt	511,105	534,974
Other liabilities	87,041	82,819
Total liabilities	598,146	617,793
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to refunding of debt	9,449	10,173
Deferred inflow of resources related to fair value of hedging derivative	-	6,184
Deferred inflows of resources related to pensions	817	612
Deferred inflows of resources related to OPEB	313	110
Total deferred inflows of resources	10,579	17,079
NET POSITION (DEFICIT)		
Net Investment in capital assets	204	260
Restricted for transportation projects and programs	105,249	137,143
Unrestricted deficit	(515,912)	(537,415)
TOTAL NET POSITION (DEFICIT)	$ (410,459)	$ (400,012)

Cash and Investments at June 30, 2020 consists of investments in the State Local Agency Investment Fund of $11.852 million, U.S. Treasury Notes of $62.060 million, Federal Agency securities of $9.162 million, Corporate Notes of $22.938 million, Municipal Obligations of $736 thousand, Money Market Mutual Funds of $19.249 million. The Authority is required to put collateral funds in escrow when the fair market value of swap value exceeds a negative $40.000 million. On June 30, 2020, the swap value was $33.767 million; therefore, the Authority is not required post collateral funds. (For additional details on the swap see Note 6 and for additional details of the composition and categorization of cash and investments please see Note 3.)

Receivables at June 30, 2020 consists of sales tax $16.283 million, interest $368 thousand and intergovernmental $15.936 million. Intergovernmental increased $11.463 million. The increase is not a result of a loss in funding, but the result of the timing associated with the I-680 Carpool Lane Completion / Express Lanes and the I-680/State Route 4 Interchange Improvements capital highway projects partially funded by federal, state and local grant funds.

Other assets at June 30, 2020 includes the reported net OPEB asset of $426 thousand as of the measurement date of June 30, 2019. (For additional information please see Note 8).

Capital Assets at June 30, 2020 was $204 thousand. This includes $415 thousand in office leasehold improvements, $242 thousand in office equipment (including computers), $217 thousand in furniture, and $457 thousand for the financial system, minus accumulated depreciation of $260 thousand for leasehold improvements, $231 thousand for office equipment, $214 thousand for furniture, and $422 thousand for financial system. Though working on a number of large capital transportation projects during the year, the Authority holds title to none of these capital assets. (For additional information please see Note 5.)

Deferred Outflows of Resources. The Authority reported deferred outflows amounting to $39.178 million. The deferred outflow of resources related to pensions as of the measurement date was $1.231 million. (For additional information please see Note 7). The deferred outflow of resources related to OPEB as of the measurement date was $323 thousand. (For additional information please see Note 8). The deferred outflow of resources on the refunding of the 2012 Sales Tax Revenue Bonds and the annual amortization was $34.153 million. (For additional information please see Note 6). The deferred outflow of resources on the refunding of the 2012 Sales Tax Revenue Bonds related to fair value of hedging derivative was $3.471 million. (For additional information please see Note 6).

Long-term debt. At June 30, 2020, the Authority reported $511.105 million for the Sales Tax Bonds used to finance transportation projects. (For additional information please see Note 6).

Other liabilities totaled $87.041 million, consisting of accounts payable, accrued employee benefits, deposits payable, and derivative instrument liability. The Authority recorded the value of the interest rate swap as of June 30, 2020 at $33.767 million, which increased from the prior year by $9.655 million. (For additional information please see Note 6). The reported net pension liability as of the measurement date of June 30, 2019 was $65 thousand. (For additional information please see Note 7).

Deferred Inflows of Resources. The Authority reported deferred inflows amounting to $10.579 million. The deferred inflow of resources on the refunding of the 2012B and 2018A Sales Tax Revenue Bonds and the annual amortization was $9.449 million. (For additional information please see Note 6). The Authority reported deferred inflows for resources related to pensions as of the measurement date of June 30, 2019 was $817 thousand. (For additional information please see Note 7). The Authority reported deferred inflows for resources related to OPEB as of the measurement date of June 30, 2019 was $313 thousand. (For additional information please see Note 8).

The **Statement of Activities** presents information about the Authority's revenues and expenses on the full accrual basis, with an emphasis on measuring the net revenues or expenses for each of the Authority's main activities. The statement explains the change in net position for a given year. All of the Authority's activities are governmental type activities.

Expenses are categorized by the main Authority functions and debt service. These functions primarily include transportation projects and programs. Revenues restricted to funding of specific Authority functions are considered program revenues. All other revenues are classified as general revenues, which may be used to finance all Authority functions. Sales tax revenues are included in the general revenues category, along with interest earnings on investments. Table 3 is the Statement of Activities, which presents the change in net position of governmental activities, for the years ended June 30, 2020 and June 30, 2019.

Table 3
Statement of Activities
(In Thousands)
Governmental Activities

	For the Year Ended: June 30, 2020	For the Year Ended: June 30, 2019
Revenues		
General revenues		
Sales taxes	$ 93,472	$ 96,608
Other general revenues	5,801	6,958
Program revenues		
Operating grants and contributions	5,107	5,080
Capital grants	78,674	26,495
Total revenues	183,054	135,141
Expenses		
Administration	5,626	1,965
Project management	2,476	1,995
Programs	45,967	41,877
Transportation projects	115,606	108,989
Regional planning	986	948
Congestion management	933	1,551
Transportation demand management	1,636	1,522
Transportation planning land use solutions	53	88
Transportation innovation - GoMentum	2,139	1,047
Debt service interest and related fees	18,079	18,168
Total expenses	193,501	178,150
Change in Net Position	(10,447)	(43,009)
Net position-beginning, as previosuly reported (deficit)	(400,012)	(357,003)
Total net position (deficit)	$ (410,459)	$ (400,012)

Sales tax revenues are the largest revenue source amounting to $93.472 million, down 3.2% from $96.608 million for the preceding year. Sales tax revenues are general revenues, available to all Authority purposes as defined in the Measure J Expenditure Plan and represents 51.1% of all Authority revenues for the year ended June 30, 2020. The decrease in sales tax is discussed in detail at the beginning of this MD&A.

Investment income was $5.795 million for the year ended June 30, 2020, which was a $1.161 million or 16.7% decrease from the year ended June 30, 2019. Due to a decreasing investment rates the Authority's investments included an unrealized gain of $727 thousand during the fiscal year. Changes in fair value are recognized in investment income for financial reporting. Cash and investments are invested in separate portfolios depending upon the objectives of the assets being managed. The $125.868 million of cash and investments include $13.496 million of bond principal and interest for debt service. The Authority's investment portfolio included $94.896 million of individual securities, such as U.S. Treasury Notes, Federal Agency Securities and other securities permitted by State law and the Authority's adopted Investment Policy. The investment portfolio yield to maturity at June 30, 2020 was 0.22%, exceeding the benchmark (Bank of America/Merrill Lynch 1 to 3 Year U.S. Treasury Index) measure of 0.17%. This portfolio is actively managed by Public Trust Advisors, the Authority's independent investment advisor.

Program revenues represent $83.781 million or about 45.8% of total revenues, and increased $52.206 million from last year. Capital grant revenues totaled $78.674 million, which included reimbursement from the State Local Partnership Program for $44.700 million, State Transportation Agency Grant for $1.845 million, Regional Measure 2 (RM2) for $1.962 million, Bay Area Toll Authority (BATA) for $14.818 million, East Contra Costa Regional Fee & Financing Authority (ECCRFFA) for $5.312 million, and State Transportation Improvement Program (STIP) for $9.514 million. The major active capital projects are I-680/State Route 4 Interchange Improvements and the I-680 Carpool Lane Completion/Express Lanes. Many capital projects are in construction and some are nearing completion and have received the majority of the grant reimbursements. The funding sources vary as the Authority is reimbursed for different phases of the projects from design to construction, or draws on grants that have an earlier sunset date. Operating grants and contributions include contributions from local agencies for $838 thousand, State Motor Vehicle Registration Surcharge for $1.656 million, and Federal Funds for $1.973 million.

Expenses, including depreciation, are classified by function. A brief description of activity within each function is as follows:

- The **Administration** function includes tasks and costs related to the overall operation and management of the Authority. Office expenses including rents and leases, office supplies, and equipment, and general service contracts are also charged to the Administration category. Finally, capital assets acquisition and depreciation expense is adjusted to this category as assets consist mainly of the financial system and leasehold improvements. Administration expense was $5.626 million for year ended June 30, 2020, which is an increase of 184.1% from the prior year. During the fiscal year, the Authority approved developing the Tax Expenditure Plan (TEP) and placement on the March 2020 ballot for election and TEP expenditures in the amount of $3.079 million. Administrative salaries and benefits of $795 thousand are 0.851% of sales tax revenues in the year ended June 30, 2020, less than the 1% administrative limitation policy.

- **Project management** includes tasks and costs related to the oversight of Measure J and Measure C projects. Measure J projects include the SR 4 East Widening, I-680/State Route 4 Interchange Improvements, I-680 Carpool Lane Completion/Express Lanes and the BART East County Rail Extension. Measure C projects included the Interstate 680 Corridor. Project management for the year ended June 30, 2020 was $2.476 million, which is an increase of $482 thousand as some staff costs were reallocated from alternate reimbursable projects and programs.

- **Programs** established in Measure C include expenses related to Local Street Maintenance and Improvement, Bus Transit, Paratransit, and Commute Alternatives. Measure J included these programs and created new ones to improve or expand needs in Contra Costa County. Express bus is a countywide program to transport commuters to and from residential areas to transit and employment centers. Measure J includes subregional programs to provide funds to certain regions

of the county for Additional Local Street and Maintenance Improvements, Bus Transit Enhancements, Additional Paratransit, Safe Transportation for Children and Ferry Service.

Overall program expenses increased from the prior year from $41.877 million to $45.967 million. The increase is due to the timing associated with program allocations. Staff worked with the participating jurisdictions to update approved allocations and timing of several project reimbursements; whereas, local street maintenance expenses decreased based on sales tax revenues over the prior year, which provides additional revenues to the various programs.

- **Transportation Projects** expenses include annual project expenses, right-of-way (ROW) costs, construction contract costs, engineering design and management contract costs, and attorney's fees for Measure C and Measure J projects as authorized in the Strategic Plans. Transportation Project expenses are further categorized by Highways and Arterials, Transit, and Trail projects. Project costs totaled $115.606 million for the year ended June 30, 2020, which was $6.608 million more than the project costs for the year ended June 30, 2019. Project costs are discussed in detail at the general fund level.

- The **Regional Planning** function includes tasks and costs related to implementation of the Growth Management Plan. This function also includes regional transportation planning activities, and the development and maintenance of the county-wide travel demand models. Regional Planning costs were $986 thousand for the year ended June 30, 2020, which increased $38 thousand from the prior year, primarily due to the regional planning tasks.

- **Congestion Managemen**t includes activities related to the mandated Congestion Management Plan (CMP), such as monitoring of compliance with established standards. The cost of assisting local jurisdictions with funding applications for state and federal funds and participating in regional planning efforts is also charged to this organizational unit. Congestion Management costs were $933 thousand, a decrease of $618 thousand from the prior year as funding from the State was reduced to support transportation and project planning and development. Current work continues on the Bicycle and Pedestrian Plan and Congestion Management support.

- **Transportation Demand Management** spent $1.636 million for ridesharing and the implementation of other trip reduction strategies such as the carpool and vanpool incentive programs and the guaranteed ride home program.

- **Transportation Planning Land Use Solutions** is a program that provides funding to assist local jurisdictions in developing long-range plans for Transportation Oriented Development projects. The program is funded by MTC through CMAQ/STP funds. Expenditures for this program were $53 thousand, primarily for ongoing work related to development of the Sustainable Communities Strategy and Growth Management Programs.

- **Transportation Innovation – GoMentum** is a program that provides a public agency and private sector partnership to advance connected and automated vehicle safety. Funding to the Authority is a State of California grant to assist in redefining the role technology plays in transportation speed and efficiency. Expenditures for this program were $2.139 million, primarily for automated vehicle testing and site enhancements at the vehicle testing ground to better serve our customers and surrounding communities.

- **Debt Service** is another category of expenses. Since the Statement of Activities is on a full accrual basis, only interest costs and related fees are shown in the statement. The principal repayment is not shown as an expense line item. As of June 30, 2020, the Authority incurred interest expense and bond amortization costs of $18.079 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

Comparing the fiscal year 2019/20 original budget (adopted June 2019) General Fund expenditures and transfers out in the amount of $210.274 million, to the final budget amount of $197.283 million there was a decrease in budgeted expenditures and transfers out of $12.991 million. The causes for these decreases are summarized below.

Beginning Balance	+	Supplemental Changes	=	Final Budget
$ 210,274		$ (12,991)		$ 197,283

During the fiscal year, the total revenues and transfers in for the General Fund were $168.239 million. This was $20.338 million greater than budgeted. The total expenditures and transfers out for the General Fund were $178.388 million. This was $18.895 million less than budgeted.

Sales tax revenues were greater than budget by $9.587 million. Due to the COVID-19 pandemic, the Authority in May 2020, reduced the sales tax budget by $8.351 million or 12.3% from the original budget. Sales tax revenue was a decrease of $2.318 million or 3.2% over the prior year. Capital project expenditure reimbursements are based on timelines and are often difficult to meet but the pandemic reduced daytime traffic and allowed two capital projects to accelerate the construction by working during the day and longer hours. Recognized revenues related to reimbursable expenditures on these two major capital projects was $8.309 million greater than budgeted. Program revenues were less than budget as the Authority acts as a conduit to funding programs throughout the county and relies on the project proponents to bill the Authority. Several state and local grants were under budget as these revenues are based on the timing of the capital and program expenditures. This is not a loss of funding but a timing of expenditures related to these projects and programs.

Supplemental changes to the 2019/20 fiscal year General Fund budget were:

- Increase of $62 thousand for supplies and services for administration related to the additional attorney fees related to the Transportation Expenditure Plan and ballot measure.
- Increase of $80 thousand for salaries and benefits and services for project management division related to staff allocations to other projects and programs.
- Increase of $1.899 million for programs associated with current funding allocations from sales tax revenue. Bus transit enhancements increased $1.578 million and Ferry Service increased $196 thousand.
- Net decrease of $6.609 million related to capital improvement projects based on timing of project expenditures.
- Net decrease of $8.188 million related to countywide capital and maintenance based on timing of project expenditures.
- Net decrease of $159 thousand related to subregional projects based on timing of project expenditures.
- Net decrease of $163 thousand for salary and benefit and supplies and services for regional planning, congestion management and transportation planning land use solutions based on the consulting services associated with growth management, action planning and monitoring, project modeling studies, sustainable communities strategy implementation and investment growth strategy programs.
- Increase of $207 thousand for regional planning supplies and services for growth management, action planning and monitoring and project modeling.
- Net decrease of $305 thousand related to congestion management supplies and services for community-based plan management and priority development area growth management.

Transportation Capital Improvement Projects were $281 thousand over budget for the year ended June 30, 2020. Capital projects are typically multi-year and the timing is often difficult to determine accurately as many factors affect the budget projections such as weather delays and the approval process from other agencies. In FY2019-20, COVID-19 played a role in accelerating capital projects with reduced daytime traffic allowing construction teams to work during the day and longer hours. On these accelerated projects, expenditures exceeded the annual budget and remained under the approved funding resolutions. Following are the larger variances for the fiscal year:

i. Caldecott Tunnel Fourth Bore was under budget by $5.053 million as final costs for construction costs have not been finalized with Caltrans. Additional costs for construction management and landscaping which has not yet been finalized.

ii. eBART was under budget by $945 thousand as construction on the Hillcrest Parking lot expansion progressed slower than anticipated due to COVID-19.

iii. SR4 East Widening was under budget by $1.779 million as close-out services progressed slower than anticipated due to COVID-19.

iv. East County Corridor was under budget by $994 thousand due to the Mokelumne Trail Overcrossing project is now anticipated to start next fiscal year.

v. I-680/SR4 Interchange Improvements was over budget $6.794 million as construction was accelerated earlier than anticipated due to COVID-19.

vi. I-80 Carpool Lane Extension and Improvements projects category was under budget by $472 thousand construction and construction management project close-out services.

vii. An I-680 Carpool Lane Gap Closure and Corridor improvement was over budget $2.894 million as construction was accelerated earlier than anticipated due to COVID-19.

viii. Countywide capital and maintenance projects were under budget $10.098 million as the Authority continues to work with cities and agencies to complete projects related to BART Parking, Access & other Improvements, Transportation for Livable Communities and Pedestrian, Bicycle & Trail Facilities throughout the county.

ix. Subregional projects were under budget $5.050 million as the Authority continues to work with cities and agencies to complete projects with-in their jurisdiction.

FUND FINANCIAL STATEMENTS

Governmental Funds. The Authority's financial records are maintained on a standard government fund accounting, modified accrual basis. This basis is required to ensure compliance with finance-related legal standards. The perspective of fund-based financial statements is narrower than Authority-wide statements, with a focus on spendable assets and short-term liabilities rather than on cash flows in future years. The focus of these fund statements is now on major funds. Measure J is the operating fund for the Authority and is the General Fund. Measure C is a Special Revenue Fund to track remaining projects and planning activities. The General Fund is always a major fund. The Measure C Special Revenue Fund, Measure C and J Streets and Roads Special Revenue Funds and the Measure J Debt Service Funds are also Major Funds. Budget comparison statements are also presented for the General Fund and the major Special Revenue Funds. Discussion of the Major Fund Statements is as follows:

Measure J General Fund

General Fund's ending fund balance was $75.240 million as of June 30, 2020, which represents a decrease of $10.149 million for the year. The decrease is due to the use of sales tax revenues to reimburse project costs.

Sales tax revenues were $69.085 million in the year ended June 30, 2020. Measure J saw a decrease in sales tax receipts this fiscal year, which is discussed in detail at the beginning of this MD&A.

Grant revenues were $83.781 million in federal, state and local grant funds, which increased $52.206 million from the prior year. The annual variation in grant funding is dependent on the timing of reimbursement on capital projects.

The Authority received $44.700 million in State Local Partnership Program (LPP) funds: $44.671 million for I-680/SR4 Interchange Improvements construction and $29 thousand for SR4 East widening construction. STIP funds for construction were $8.527 million for I-680 Carpool Lane Completion/Express Lanes and $987 thousand for I-80 San Pablo Dam Interchange Improvement. BATA funds were $14.818 million for I-680 Carpool Lane Gap Closure project management and construction services. ECCRFFA funds were $5.312 million for Balfour Road Interchange construction services. RM2 funds were $269 thousand for I-80 San Pablo Dam Road Interchange Improvement right-of-way and utilities and $1.693 million for I-680 Carpool Lane Gap Closure construction services. Federal Surface Transportation Program funds were $1.855 million: $892 thousand for regional planning efforts and $963 thousand for Innovate 680 environmental and project management services. State Planning, Programming and Monitoring (PPM) funds were $342 thousand. Contributions from local agencies associated with studies, project management and construction expenditures incurred by the Authority were $415 thousand, $51 thousand from Contra Costa County for the SR239 project, $71 thousand from the City of San Ramon for the Iron Horse Trail overcrossing project, and $124 thousand from Bay Area Rapid Transit (BART) for the SR4 Widening project. Federal Demo funds in the amount of $400 thousand and RM2 funds of $307 thousand and contributions from Contra Costa County will be received in the following fiscal year as expenditures need to be incurred prior to submittal for reimbursement.

Transportation Project expenditures at June 30, 2020 were $110.620 million, which represents an increase of $4.807 million from the prior year. Projects are categorized under Capital Improvement Projects, Countywide Capital and Maintenance Projects and Subregional Projects.

Following are the main project costs for the fiscal year:

i. Caldecott Tunnel Fourth Bore spent $523 thousand on construction and construction support services related to the landscaping and mitigation project.

ii. eBART spent $398 thousand on construction and construction support services.

iii. SR 4 East Widening projects spent $2.857 million on construction and construction management services.

iv. East County Corridor spent $1.150 million on construction and construction support services for the Balfour Road Interchange and SR239 environmental projects.

v. I-680/SR4 Interchange Improvements spent $38.072 million on construction, construction support and right-of-way services.

vi. I-80 San Pablo and Central Avenue Interchange Improvement projects spent $222 thousand on construction support services.

vii. I-680 Carpool Lane Completion/Express Lanes spent $46.712 million on construction and construction support services.

viii. Innovate 680 spent $4.641 million on studies, environmental and project support services.

Measure C Special Revenue Fund

Measure C Fund's ending fund balance was $2.055 million as of June 30, 2020, which represents a decrease of $7.962 million for the year. The decrease is due to expenditures of $4.937 million on the I-680/SR4 Interchange Improvements and $3.079 million on the development and placement of the TEP on the March 2020 Ballot. The remaining fund balance of $2.055 million will be utilized in future years on the remaining Measure C commitments.

Measure J Debt Service Fund

Measure J Debt Service Fund's ending fund balance was $14.045 million as of June 30, 2020, which represents a decrease of $14.595 million for the year. The decrease is due to Measure J capital project expenditures funded with the remaining bond proceeds in the amount of $15.492 million. Remaining fund balance represents cash and restricted cash for debt service.

Notes to the Basic Financial Statements

The notes provide additional information that is important for a full understanding of the data provided in the Authority-wide and the traditional fund-based financial statements. These are contained in the attached reports.

AUTHORITY'S OUTLOOK

The result of the work done by the Authority and the regional transportation planning committees to prioritize projects and programs in the 2019 Measure J Strategic Plan to keep projects moving forward is paying off. In July of 2019, the Authority hosted a delegation from Australia to learn more about autonomous vehicles and tour GoMentum Station. In September 2019, the Authority adopted the 2019 Measure J Strategic Plan to revalidate economic assumptions and guide the overall programming of funds making sound financial commitments and the Authority was awarded a $7.5 million grant from the U.S. Department of Transportation to support a four-year Automated Driving System pilot program for three "real-world" demonstration projects. In October 2019, the Authority adopted a new 2020 Transportation Expenditure plan for successful planning future transportation projects. In November 2019, the Authority opened a new bicycle path on the Richmond-San Rafael Bridge. In January 2020, the GoMentum station hosted the National Meteorological Service for the United Kingdom toured the facility and PBS filmed a documentary with some citizens from Contra Costa County. In February 2020, the Community Based Transportation Plans for downtown Martinez and the Monument Corridor in Concord were completed. In March 2020, the Comprehensive Wayfinding System for West Contra Costa BART station project was completed. In May of 2020, the construction on the East County Rail Extension (eBART) – Hillcrest Avenue Parking lot expansion project was started. In June 2020, the Authority began design activities on the Bollinger Canyon Road – Iron Horse Trail Bicycle Pedestrian Overcrossing in San Ramon and the environmental clearance began on the SR 239 project. During the fiscal year, several other projects saw approval of environmental documents to move these projects closer to the construction phase. Measure J continues to fund programs such as Bus Transit, Paratransit, Express Bus, Safe Transportation for Children, and Commute Alternatives.

The Authority continues to fund improvements to local BART stations to make commuting smoother, safer, and more enjoyable every day. These improvements include easier BART station access and wayfinding signage to help passengers navigate BART stations more easily. The Authority is also helping to fund new bike lockers to help people bike to BART and safely store their bicycle. By encouraging more residents to bike to BART, the community can reduce parking demand at the stations and increase access to transit.

In 2015, the Authority and our key partners launched GoMentum Station, a new test bed site for cutting-edge automated and connected vehicle technology at the Concord Naval Weapons Station in Contra Costa. This 5,000-acre test facility features 20 miles of paved roadway and is the largest secure testing facility in the United States. Rather than exclusively trying to "build our way" out of congestion, GoMentum Station's vision centers around the use of emerging technologies and public-private partnerships to meet transportation demands and reduce greenhouse gas emissions in Contra Costa County. Our vision is centered on: Creating smart jobs to increase the region's economic competitiveness, partnering with our communities to improve safety, mobility and the environment and creating a world-class connected vehicle test bed with active industry and government participation.

Every five years, the Authority evaluates and updates its *Countywide Transportation Plan*, or CTP, our 30-year blueprint for the county's transportation future. With feedback from stakeholders throughout the County, updating the CTP helps ensure that we accurately plan, fund, and implement our transportation vision for Contra Costa County. The CTP helped fund projects like the Caldecott Tunnel, Highway 4 expansion, extension of eBART to Antioch, and expanded bicycle and pedestrian facilities to keep our County moving. The CTP may also help garner additional money from state and federal funding sources. In the past, we have been successful at using sales tax dollars to leverage these additional funds. But we can no longer depend on State and Federal dollars, as those budgets are shrinking. The CTP was completed in 2017.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances of the Authority. Questions concerning information provided in this report, or any requests for additional financial information, should be addressed to Brian Kelleher, Chief Financial Officer of the Contra Costa Transportation Authority, 2999 Oak Road, Suite 100, Walnut Creek, CA 94597.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position reports the difference between the Authority's total assets and deferred outflows of resources and the Authority's total liabilities and deferred inflows of resources. The Statement of Net Position presents information similar to the traditional balance sheet format, but presents it in a way that focuses the reader on the composition of the Authority'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 the Authority's Governmental Activities in a single column. The Authority's Governmental Activities include the activities of all of governmental funds, capital assets and debt accounts.

The Statement of Activities reports increases and decreases in the Authority's net position. It is also prepared on the full accrual basis, which means it includes all the Authority'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, deferred inflows of resources, available revenues, and measurable expenditures.

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

These financial statements along with the fund financial statements and footnotes are called *Basic Financial Statements.*

CONTRA COSTA TRANSPORTATION AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2020
(In thousands)

	Governmental Activities
ASSETS	
Cash and investments (Note 3)	$ 112,372
Restricted cash and investments (Note 3)	13,496
Receivables:	
Sales tax	16,283
Interest	368
Intergovernmental	15,936
Prepaid	3
Net OPEB asset (Note 8)	426
Capital assets, net of accumulated depreciation (Note 5)	204
TOTAL ASSETS	159,088
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow of resources on refunding of debt (Note 6C)	34,153
Deferred outflow of resources related to pensions (Note 7B)	1,231
Deferred outflow of resources related to fair value of hedging derivative (Note 6C)	3,471
Deferred outflow of resources related to OPEB (Note 8)	323
TOTAL DEFERRED OUTFLOWS OF RESOURCES	39,178
LIABILITIES	
Accounts payable and accrued liabilities	51,811
Accrued employee benefits	998
Deposits payable	400
Interest rate swap agreement (Note 6C)	33,767
Long-term liabilities:	
Sales tax revenue bonds - due within one year (Note 6)	26,608
Sales tax revenue bonds - due in more than one year (Note 6)	484,497
Net pension liability - due in more than one year (Note 7)	65
TOTAL LIABILITIES	598,146
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to refunding of debt	9,449
Deferred inflows of resources related to pensions (Note 7B)	817
Deferred inflows of resources related to OPEB (Note 8)	313
TOTAL DEFERRED INFLOWS OF RESOURCES	10,579
NET POSITION (DEFICIT) (Note 11)	
Investment in capital assets	204
Restricted for:	
Transportation projects and programs	105,249
Unrestricted deficit	(515,912)
TOTAL NET POSITION (DEFICIT)	$ (410,459)

See accompanying notes to basic financial statements.

CONTRA COSTA TRANSPORTATION AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(In thousands)

		Program Revenues		
Functions/Programs	**Expenses**	**Operating Grants and Contributions**	**Capital Grants**	**Net (Expense) Revenue and Changes in Net Position**
Governmental Activities:				
Administration	$ 5,626	$ -	$ -	$ (5,626)
Project management	2,476	-	-	(2,476)
Programs	45,967	117	-	(45,850)
Transportation projects	115,606	-	78,674	(36,932)
Regional planning	986	-	-	(986)
Congestion management	933	1,002	-	69
Transportation demand management	1,636	1,656	-	20
Transportation planning land use solutions	53	64	-	11
Transportation Innovation -GoMentum	2,139	2,268	-	129
Interest and related fees	18,079	-	-	(18,079)
Total governmental activities	$ 193,501	$ 5,107	$ 78,674	(109,720)
General Revenues:				
Sales taxes				93,472
Investment income				5,795
Miscellaneous				6
Total general revenues				99,273
Change in net position				(10,447)
Net position at beginning of year				(400,012)
Net position at end of year				$ (410,459)

See accompanying notes to basic financial statements.

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FUND FINANCIAL STATEMENTS

The Fund Financial Statements are presented by individual major funds, while non-major funds are combined in a single column. Major funds are defined generally as having significant activities or balances in the current year.

MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the Authority for fiscal year 2020. Individual non-major funds may be found in the Combining Financial Statements section.

MEASURE J GENERAL FUND

The *General Fund* is the general operating fund of the Authority. It is used to account for all financial resources except those required to be accounted for in another fund. All intergovernmental revenue is recorded in the General Fund, except for those restricted funds required to be recorded in the major Measure C Special Revenue Funds and the non-major Special Revenue Funds. The Authority also transfers sales tax revenues to Debt Service Funds, on a monthly basis, to cover interest and principal coming due. General Fund expenditures include salaries and benefits of the Authority's staff. Salaries and benefits for administration are limited by Measure J (as defined) to one percent of the sales tax revenue on an annual basis.

MEASURE J LOCAL STREETS AND ROADS SPECIAL REVENUE FUND

This Fund is used by the Authority to account for the accumulation of resources required to be allocated to local cities and the County for local transportation improvements, including streets and roads. Monies are disbursed to the local agencies upon compliance with certain provisions included in Measure J. Under the provisions of Measure J and policies adopted by the Authority, 18% of net sales tax revenues are to be used for local street maintenance and improvements. An additional 2.09% of net sales tax revenue is allocated to Central County, West County, and Southwest County.

MEASURE C SPECIAL REVENUE FUND

Prior to April 1, 2009 when Measure J became effective, there was Measure C, a County-wide half-percent sales tax to fund transportation programs and projects. The Authority is responsible for carrying out the provisions of Measure C. The Measure C Fund was established to record financial activities associated with the projects and programs in the Measure C expenditure plan.

MEASURE J DEBT SERVICE FUND

This fund account for resources used to service the Authority's 2012, 2015, 2017 and 2018 Sales Tax Revenue Bonds.

CONTRA COSTA TRANSPORTATION AUTHORITY
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020
(In thousands)

	Measure J General Fund	Measure J Local Streets and Roads Fund	Measure C Fund	Measure J Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments (Note 3)	$ 69,433	$ 25,683	$ 2,106	$ 549	$ 14,601	$ 112,372
Restricted cash and investments (Note 3)	-	-	-	13,496	-	13,496
Receivables:						
Sales tax	12,035	3,271	-	-	977	16,283
Interest	368	-	-	-	-	368
Intergovernmental	15,936	-	-	-	-	15,936
Prepaid	3	-	-	-	-	3
Total Assets	$ 97,775	$ 28,954	$ 2,106	$ 14,045	$ 15,578	$ 158,458
LIABILITIES						
Accounts payable and accrued liabilities	$ 20,947	$ 28,954	$ 51	$ -	$ 1,859	$ 51,811
Accrued employee benefits	997	-	-	-	1	998
Deposits payable	-	-	-	-	400	400
Total Liabilities	21,944	28,954	51	-	2,260	53,209
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	591	-	-	-	-	591
FUND BALANCES (Note 11)						
Nonspendable:						
Prepaid	3	-	-	-	-	3
Restricted:						
Air quality	-	-	-	-	2,178	2,178
GoMentum	-	-	-	-	287	287
Commute alternatives	-	-	-	-	1,240	1,240
Transportation projects	18,707	-	2,055	14,045	-	34,807
Paratransit program	-	-	-	-	9,613	9,613
Additional paratransit program	1,679	-	-	-	-	1,679
Safe transportation for children	4,327	-	-	-	-	4,327
Ferry service	16,275	-	-	-	-	16,275
Bus transit and improvements	966	-	-	-	-	966
Express bus	835	-	-	-	-	835
Subregional bus transit	81	-	-	-	-	81
Transportation for livable communities projects (TLC)	15,669	-	-	-	-	15,669
Additional TLC	3,352	-	-	-	-	3,352
Pedestrian, bicycle and trail facilities	5,094	-	-	-	-	5,094
Additional pedestrian, bicycle and trail facilities	137	-	-	-	-	137
Subregional transportation needs	2,970	-	-	-	-	2,970
Planning and facilities	3,066	-	-	-	-	3,066
Administration	2,079	-	-	-	-	2,079
Total Fund Balances	75,240	-	2,055	14,045	13,318	104,658
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 97,775	$ 28,954	$ 2,106	$ 14,045	$ 15,578	$ 158,458

See accompanying notes to basic financial statements.

CONTRA COSTA TRANSPORTATION AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2020
(In thousands)

Total fund balances - governmental funds		$ 104,658
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds (Note 5).		204
Net OPEB asset and OPEB related deferred outflows and inflows of resources are not due in the current period and therefore are not reported in the funds (Note 8).		
Net OPEB asset	$ 426	
Deferred outflows of resources	323	
Deferred inflows of resources	(313)	
Subtotal		436
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current period expenditures. Those assets are offset by deferred inflows of resources in the governmental funds.		591
Long-term liabilities, including the sales tax bonds payable and its related hedging derivative, are not due and payable in the current period and, therefore, are not reported in the governmental funds (Note 6).		
Sales tax revenue bonds outstanding	$ (447,625)	
Unamortized premium on bonds	(63,480)	
Fair value of interest rate swap agreement	(33,767)	
Deferred outflow of resources on refunding of debt	34,153	
Deferred inflow of resources on refunding of debt	(9,449)	
Accumulated increase in fair value of hedging derivative	3,471	
Subtotal		(516,697)
Net pension liability and pension related deferred outflows and inflows of resources are not due in the current period and therefore are not reported in the funds (Note 7).		
Net pension liability	$ (65)	
Deferred outflows of resources	1,231	
Deferred inflows of resources	(817)	
Subtotal		349
Net position (deficit) of governmental activities		$ (410,459)

See accompanying notes to basic financial statements.

CONTRA COSTA TRANSPORTATION AUTHORITY
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020
(In thousands)

	Measure J General Fund	Measure J Local Streets and Roads Fund	Measure C Fund	Measure J Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Sales tax	$ 69,085	$ 18,779	$ -	$ -	$ 5,608	$ 93,472
Investment income	4,142	-	104	873	676	5,795
Federal Surface Transportation Program (CMA)	720	-	-	-	-	720
Federal Surface Transportation Program (SCS)	172	-	-	-	-	172
Federal Surface Transportation Program (Innovate-680)	963	-	-	-	-	963
Federal Demo (East County Corridors)	1	-	-	-	-	1
Federal Congestion Mitigation (CMAQ)	-	-	-	-	64	64
State Planning, Programming and Monitoring (PPM)	342	-	-	-	-	342
State Local Partnership Program (SR4 East Widening)	29	-	-	-	-	29
State Local Partnership Program (680/4)	44,671	-	-	-	-	44,671
State Transportation Imp. Program (I-680 Carpool))	8,527	-	-	-	-	8,527
State Funds - (East County Integrated Transit Study)	4	-	-	-	-	4
State Transportation Agency Grant	-	-	-	-	1,898	1,898
State Transportation Improvement Program (I-80)	987	-	-	-	-	987
Regional Measure 2 (I-80 Carpool Ln Ext)	269	-	-	-	-	269
Regional Measure 2 (I-680 Carpool Ln Ext & I/C Imp)	1,693	-	-	-	-	1,693
State Motor Vehicle Registration Surcharge (TFCA)	-	-	-	-	2,066	2,066
Contributions from CMA member agencies	169	-	-	-	-	169
Bay Area Toll Authority (I-680 Carpool Ln Ext & I/C Imp)	14,818	-	-	-	-	14,818
Contra Costa County (East County Corridors)	51	-	-	-	-	51
East Contra Costa Regional Fee and Financing Authority	5,312	-	-	-	-	5,312
City of San Ramon (Iron Horse Trail)	71	-	-	-	-	71
Contributions (GoMentum)	-	-	-	-	13	13
Contributions (BART-Mokelumne)	124	-	-	-	-	124
Escrow Earnings (SR4 East)	591	-	-	-	-	591
Miscellaneous revenue	6	-	-	-	-	6
Total Revenues	152,747	18,779	104	873	10,325	182,828
Expenditures						
Current expenditures:						
Administration:						
Salaries and employee benefits	795	-	-	-	-	795
Services, supplies & capital outlay	1,452	-	3,079	-	-	4,531
Project Management:						
Salaries and employee benefits	2,294	-	-	-	-	2,294
Services, supplies & capital outlay	182	-	-	-	-	182
Programs:						
Additional paratransit	1,256	-	-	-	-	1,256
Bus transit enhancements	3,598	-	-	-	-	3,598
Ferry Service program	2,489	-	-	-	-	2,489
Express bus program	4,420	-	-	-	-	4,420
Bus transit and improvement program	5,139	-	-	-	-	5,139
Safe transportation for children	3,958	-	-	-	-	3,958
Local street and maintenance	-	16,825	-	-	-	16,825
Subregional local street and maintenance	-	1,954	-	-	-	1,954
Transportation Projects:						
Highways and arterials	-	-	4,937	-	-	4,937
Transit	-	-	50	-	-	50
Capital improvement projects	95,104	-	-	-	-	95,104
Countywide capital and maintenance projects	5,289	-	-	-	-	5,289
Subregional projects	10,227	-	-	-	-	10,227
Regional Planning:						
Salaries and employee benefits	449	-	-	-	-	449
Services, supplies & capital outlay	537	-	-	-	-	537
Congestion Management:						
Salaries and employee benefits	397	-	-	-	-	397
Services, supplies & capital outlay	536	-	-	-	-	536
Transportation Planning Land Use Solutions:						
Salaries and employee benefits	53	-	-	-	-	53
Paratransit	-	-	-	-	5,457	5,457
Commute alternatives	-	-	-	-	872	872
Transportation Demand Management (Air Quality)	-	-	-	-	1,636	1,636
GoMentum	-	-	-	-	2,139	2,139
Debt service:						
Principal	-	-	-	18,620	-	18,620
Interest and related fees	-	-	-	21,569	-	21,569
Total Expenditures	138,175	18,779	8,066	40,189	10,104	215,313
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,572	-	(7,962)	(39,316)	221	(32,485)
Other Financing Sources (Uses)						
Transfer in (Note 4)	15,492	-	-	40,213	-	55,705
Transfer out (Note 4)	(40,213)	-	-	(15,492)	-	(55,705)
Total Other Financing Sources (Uses)	(24,721)	-	-	24,721	-	-
Change in Fund Balances	(10,149)	-	(7,962)	(14,595)	221	(32,485)
Fund Balances - Beginning	85,389	-	10,017	28,640	13,097	137,143
Fund Balances - Ending	$ 75,240	$ -	$ 2,055	$ 14,045	$ 13,318	$ 104,658

See accompanying notes to basic financial statements.

CONTRA COSTA TRANSPORTATION AUTHORITY

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

(In thousands)

Net change in fund balances - total governmental funds		$ (32,485)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		(56)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This represents the change in the deferred inflows of resources during the current period.		228
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds. These transactions, however, have no effect on net position. The governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the net effect of these differences in the treatment of long-term debt and related items.		
Amortization of bond premium	$ 5,249	
Amortization of the deferred outflows of resources	(2,484)	
Amortization of the deferred inflows of resources	724	
Retirement of long-term debt	18,620	22,109
Changes to net OPEB liability and OPEB related deferred outflows and inflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		156
Changes to net pension liability and pension related deferred outflows and inflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(399)
Change in net position of governmental activities		$ (10,447)

See accompanying notes to basic financial statements.

CONTRA COSTA TRANSPORTATION AUTHORITY
MEASURE J GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(In thousands)

	Budget			
	Original	Final	Actual	Variance with Budget - Positive (Negative)
Revenues				
Sales tax	$ 67,849	$ 59,498	$ 69,085	$ 9,587
Investment income	2,350	2,250	4,142	1,892
Federal Surface Transportation Program (CMA)	1,233	1,233	720	(513)
Federal Surface Transportation Program (SCS)	150	75	172	97
Federal Surface Transportation Program (Innovate-680)	-	10	963	953
Federal Demo (East County Corridors)	600	400	1	(399)
State Planning, Programming and Monitoring (PPM)	-	342	342	-
State Funds - (Mobility Improvements)	370	-	-	-
State Local Partnership Program (SR4 East Widening)	-	28	29	1
State Local Partnership Program (680/4)	23,500	41,300	44,671	3,371
State Transportation Imp. Program (I-680 Carpool))	7,000	8,100	8,527	427
State Funds - (East County Integrated Transit Study)	-	-	4	4
State Transportation Improvement Program (I-80)	-	987	987	-
Regional Measure 3 (SR4 East Widening)	500	-	-	-
Regional Measure 2 (I-80 Carpool Ln Ext)	-	270	269	(1)
Regional Measure 2 (I-680 Carpool Ln Ext & I/C Imp)	2,500	2,000	1,693	(307)
Contributions from CMA member agencies	410	174	169	(5)
Bay Area Toll Authority (I-680 Carpool Ln Ext & I/C Imp)	9,000	10,000	14,818	4,818
East Contra Costa Regional Fee and Financing Authority	3,750	4,817	5,312	495
Contributions (Local Agencies)	300	325	246	(79)
Contributions (BART-Mokelumne)	-	124	124	-
Contributions (CCC SR239 Study)	150	-	-	-
City of San Ramon (Iron Horse Trail)	-	-	71	71
Contra Costa County (East County Corridors)	150	201	51	(150)
Escrow Earnings (SR4 East)	520	591	591	-
Miscellaneous revenue	1	1	6	5
Total Revenues	120,033	132,401	152,747	20,346
Expenditures				
Current expenditures:				
Administration:				
Salaries and employee benefits	803	824	795	29
Services, supplies & capital outlay	1,482	1,544	1,452	92
Project Management:				
Salaries and employee benefits	2,503	2,583	2,294	289
Services, supplies & capital outlay	380	380	182	198
Programs:				
Additional paratransit	1,056	1,081	1,256	(175)
Bus transit enhancements	3,687	4,020	3,598	422
Ferry Service program	3,308	3,504	2,489	1,015
Express bus program	3,947	4,522	4,420	102
Bus transit and improvement program	4,590	5,260	5,139	121
Safe transportation for children	4,172	4,272	3,958	314
Transportation Projects:				
Capital improvement projects	101,432	94,823	95,104	(281)
Countywide capital and maintenance projects	23,575	15,387	5,289	10,098
Subregional projects	15,436	15,277	10,227	5,050
Regional Planning:				
Salaries and employee benefits	580	612	449	163
Services, supplies & capital outlay	828	1,035	537	498
Congestion Management:				
Salaries and employee benefits	569	568	397	171
Services, supplies & capital outlay	1,240	935	536	399
Transportation Planning Land Use Solutions:				
Salaries and employee benefits	114	94	53	41
Services, supplies & capital outlay	20	10	-	10
Total Expenditures	169,722	156,731	138,175	18,556
Excess (Deficiency) of Revenues Over (Under) Expenditures	(49,689)	(24,330)	14,572	38,902
Other Financing Sources (Uses)				
Transfer in	21,500	15,500	15,492	(8)
Transfer out	(40,552)	(40,552)	(40,213)	339
Total Other Financing Sources (Uses)	(19,052)	(25,052)	(24,721)	331
Change in Fund Balance	$ (68,741)	$ (49,382)	(10,149)	$ 39,233
Fund Balance - Beginning			85,389	
Fund Balance - Ending			$ 75,240	

See accompanying notes to basic financial statements.

CONTRA COSTA TRANSPORTATION AUTHORITY
MEASURE J LOCAL STREETS AND ROADS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(In thousands)

	Budget			
	Original	**Final**	**Actual**	**Variance with Budget - Positive (Negative)**
Revenues				
Sales tax	$ 18,443	$ 16,173	$ 18,779	$ 2,606
Expenditures				
Current expenditures:				
Programs:				
Local street and maintenance	16,524	16,920	16,825	95
Subregional local street and maintenance	1,919	1,965	1,954	11
Total Expenditures	18,443	18,885	18,779	106
Change in Fund Balance	$ -	$ (2,712)	-	$ 2,712
Fund Balance - Beginning			-	
Fund Balance - Ending			$ -	

See accompanying notes to basic financial statements.

CONTRA COSTA TRANSPORTATION AUTHORITY
MEASURE C SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(In thousands)

	Budget			
	Original	Final	Actual	Variance with Budget - Positive (Negative)
Revenues				
Investment income	$ 200	$ 100	$ 104	$ 4
Miscellaneous revenue	1	1	-	(1)
Total Revenues	201	101	104	3
Expenditures				
Current expenditures:				
Administration:				
Services, supplies & capital outlay	2,700	2,700	3,079	(379)
Transportation Projects:				
Highways and arterials	216	4,969	4,937	32
Transit	669	32	50	(18)
Total Expenditures	3,585	7,701	8,066	(365)
Change in Fund Balance	$ (3,384)	$ (7,600)	(7,962)	$ (362)
Fund Balance - Beginning			10,017	
Fund Balance - Ending			$ 2,055	

See accompanying notes to basic financial statements.

NOTE 1 – REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Contra Costa Transportation Authority (the Authority) was established in 1988 when Contra Costa County (the County) voters passed a 20-year, one-half of one percent (½%) sales tax for specified transportation purposes. In 2004, the voters of Contra Costa County extended the one-half of one percent countywide transportation sales tax through 2034.

Measure C, passed in November 1988, officially authorizing the imposition of the ½% countywide sales tax, the proceeds of which are principally reserved for highway improvements, local transportation improvements, transit funding, growth management, and regional planning purposes in the County. The Measure C ½% sales tax commenced April 1, 1989 and expired on March 31, 2009. The Measure J ½% sales tax began April 1, 2009 and will remain in effect until March 31, 2034.

The sales tax revenues received by the Authority under Measure C and Measure J, after deducting certain administrative costs, are to be spent for programs as set forth in the respective expenditure plans. All revenues, including interest and other revenues, not designated by Measure C or Measure J for a specific purpose (see Sales Taxes discussion below) are to be spent on capital projects set forth in the expenditure plans. The Authority may, under certain circumstances, amend the original expenditure plans.

The Authority has been designated by the cities in Contra Costa County and the County (collectively, the Members) as the Congestion Management Agency (the CMA) for the County pursuant to provisions of Senate Constitutional Amendment 1, approved by the voters of the State in June 1990, thereby being charged with the statutory obligation to carry out congestion management responsibilities for Contra Costa County. In 1992, the Authority amended Measure C by ordinance to permit expenditures associated with the CMA to be eligible General Fund expenditures under Measure C, as defined in the expenditure plan. Measure J authorizes these expenditures in the original expenditure plan. The CMA Members are required to reimburse the Authority for expenditures as approved by the Board.

The Authority has also been designated by the CMA Members to be the recipient of funds generated from the motor vehicle registrations surcharge collected by the Bay Area Air Quality Management District (the Air Quality District) for programs to reduce air pollution from motor vehicles. The Authority anticipates that all expenditures incurred for the Air Quality District program will be reimbursed by the Air Quality District.

The basic financial statements of the Authority include all of its financial activities. The Authority is the sole independent entity responsible for receiving and allocating funds necessary to complete the programs and is governed by an eleven-member board comprised of representatives who are elected officials from the County and local cities. The Authority Board is comprised of eleven members: eight elected officials appointed by each of the four sub-regional transportation committees from central, east, southwest, and west parts of the County; two elected County officials appointed by the Board of Supervisors representing the County; and one elected official appointed by the Contra Costa Conference of Mayors. The Executive Director of the Authority is appointed by the Authority Board and runs the day-to-day business.

NOTE 1 – REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation

The Authority's basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board is the acknowledged standard-setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

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 (the Authority). Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Authority'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) grants and contributions that are restricted to meeting the operational needs of a particular program and (b) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Authority's funds. The emphasis of fund financial statements is on major individual governmental funds, each of which is displayed in a separate column. All remaining funds are aggregated and reported as non-major funds.

C. Sales Taxes

The Authority recognizes taxpayer-assessed revenues such as sales taxes, net of estimated refunds, in the accounting period in which they become susceptible to accrual, which means when the revenues become both measurable and available to finance expenditures of the current fiscal period in the governmental fund financial statements. In the government-wide financial statements, sales taxes are recognized on the accrual basis in the period the underlying sales exchange transaction occurs.

Sales tax receivables represent sales tax receipts in the two months subsequent to the Authority's fiscal year-end relating to the prior fiscal year's sales activities. The Authority has contracted with the California Department of Tax and Fee Administration for collection and distribution of the ½% sales tax. The Department of Tax and Fee Administration receives an administrative fee for providing this service. The Authority records sales tax revenues net of such fees in the Measure J General Fund, major fund Measure J Local Streets and Roads Special Revenue Fund, and non-major funds Measure J Paratransit and Measure J Commute Alternatives Special Revenue Funds.

Under the provisions of Measure J and policies adopted by the Authority, portions of net sales taxes are required to be expended on certain programs and activities. Measure J includes programs that were successful under Measure C and added additional programs to improve or expand transit needs in Contra Costa County. Local Street and Maintenance, Bus Transit, Paratransit, and Commute Alternatives (formerly Carpool/Vanpool) continued on. Additional programs such as Express Bus, Safe Transportation for Children and Ferry Service were developed to address transportation needs countywide and specific regions within it.

NOTE 1 – REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Specifically, 20.09% of net sales tax revenues are to be used for local street maintenance and improvements, 1.00% is to be used for commute alternative programs, including carpools, vanpools and transit, and 5.00% for transportation services for seniors and people with disabilities. These programs are accounted for in the Measure J Local Streets and Roads Special Revenue Fund, Measure J Commute Alternatives Special Revenue Fund, and Measure J Paratransit Special Revenue Fund, respectively.

In addition, bus services (5.00%) provide bus transit operators funding and alleviate traffic congestion and improve regional or local mobility. Express bus (4.30%) is a countywide program to transport commuters to and from residential areas to transit and employment centers.

Subregional programs were created to address the diverse transportation needs in each subregion of the County. The following programs are allocated to subregions based on the Measure J expenditure plan: Bus Transit Enhancements (3.36%), Additional Paratransit (1.15%), Safe Transportation for Children (4.55%) and Ferry Service (2.25%). These programs are accounted for in the Measure J General Fund and any fund balances remaining at year-end are reported in the Measure J General Fund as Restricted for Bus Transit and Improvements, Restricted for Express Bus, Restricted for Subregional Bus Transit, Restricted for Additional Paratransit, Restricted for Safe Transportation for Children, and Restricted for Ferry Service, respectively.

The Authority transfers sales tax revenues to the Measure J Service Fund, on a monthly basis, to cover interest and principal expenditures.

D. Major Funds

The Authority's major governmental funds are required to be identified and presented separately in the fund financial statements.

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures equal to at least ten percent of the totals for all funds. The General Fund is always a major fund. The Authority is required to treat the Measure J Streets and Roads Special Revenue Fund, Measure C Special Revenue Fund, and the Measure J Debt Service Fund as major funds.

MEASURE J GENERAL FUND – The *General Fund* is the general operating fund of the Authority. It is used to account for all financial resources except those required to be accounted for in another fund. All intergovernmental revenue is recorded in the General Fund, except for those restricted funds required to be recorded in Special Revenue Funds. The Authority transfers sales tax revenues to the Debt Service Fund, on a monthly basis, to cover interest and principal coming due. General Fund expenditures include salaries and benefits of the Authority's staff.

Salaries and benefits for administration are limited by Measure J to one percent of the sales tax revenue on an annual basis.

MEASURE J LOCAL STREETS AND ROADS SPECIAL REVENUE FUND – This Fund is used by the Authority to account for the accumulation of resources required to be allocated to local cities and the County for local transportation improvements, including streets and roads. Monies are disbursed to the local agencies upon compliance with certain provisions included in Measure J. Under the provisions of Measure J and policies adopted by the Authority, 18.00% of net sales tax revenues are to be used for local street maintenance and improvements and 2.09% of net sales tax revenues is allocated to Central County, West County, and Southwest County.

NOTE 1 – REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASURE C SPECIAL REVENUE FUND – Prior to April 1, 2009, when Measure J became effective, there was Measure C, a County-wide half-percent sales tax to fund transportation programs and projects.

The Authority is responsible for carrying out the provisions of Measure C. The Measure C Fund was established to record financial activities associated with the projects and programs in the Measure C expenditure plan.

MEASURE J DEBT SERVICE FUND – This fund accounts for resources used to service the Authority's Sales Tax Revenue Bonds, Series 2012, Series 2015, Series 2017 and Series 2018.

NON-MAJOR FUNDS
The Authority has other governmental funds discussed below, which were determined to be non-major funds and are presented in the supplementary information of this report. These non-major s*pecial revenue funds* are used by the Authority to account for the accumulation and expenditures of restricted resources. These special revenue funds include:

- *Measure J Paratransit Special Revenue Fund* – accounts for the portion of sales tax to be used to transport seniors and people with disabilities.
- *Measure J Commute Alternatives Special Revenue Fund* – accounts for the portion of sales taxes to be used for commuter alternative programs, including carpools, vanpools and park and ride lots.
- *Air Quality Special Revenue Fund* – accounts for funds received from the Air Quality District to be used for programs to reduce air pollution from motor vehicles.
- *GoMentum Special Revenue Fund* – accounts for funds received from the State of California to be used for planning, operations and construction of GoMentum Station.

E. 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. Revenues from grants are recognized in the fiscal year for which all eligibility requirements have been satisfied. This differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations which brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Non-exchange transactions, in which the Authority gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, sales tax revenues are recognized in the period the underlying sales exchange transaction occurs. Revenue from grants, entitlements, and donations is recognized in the period in which all eligibility requirements have been satisfied.

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*. Revenues susceptible to accrual include sales tax, interest, and grants, which are accrued

NOTE 1 – REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

when earned and its receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. 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. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing source.

The Authority may fund projects with a combination of cost-reimbursement grants, bond proceeds, advances, and general revenues. Thus, both restricted and unrestricted net position may be available to finance expenditures. The Authority's strategy is to first apply restricted resources to such activities, followed by general revenues if necessary.

F. Return of Funds from Local Agencies

Return of funds from local agencies represents amounts determined to be owed to the Authority based on a final reconciliation of project costs, or as a result of Measure C or Measure J compliance audits commissioned by the Authority. There were no returns of funds from local agencies during the year ended June 30, 2020.

G. Compensated Absences

Compensated absences comprise of unpaid vacation and sick leave, which is accrued as earned. The Authority's liability for compensated absences is recorded in the Authority's General Fund.

H. Fund Balance

The Authority is required to report the fund balance for governmental funds in specific classifications (nonspendable, restricted, committed, assigned and unassigned), which creates a hierarchy primarily based on the extent to which the Authority is bound to honor the constraints on the specific purposes for which funds can be spent. The Authority can only spend sales tax revenues as approved by the voters in the Measure C and Measure J Expenditure Plans, grants in accordance with the terms of the grants, and bond proceeds in accordance with the terms of the bond agreement; therefore, a significant portion of the Authority's fund balance is restricted at June 30, 2020.

I. Use of Management Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

J. Rounding

All amounts included on the basic financial statements, combining statements, footnotes and schedules are presented to the nearest thousands in accordance with the Authority's practice.

NOTE 1 – REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Effects of New Pronouncements

During the year ended June 30, 2020, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance.* The primary object of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in GASB Statements and Implementation Guides that first became effective or are scheduled to become effective for period beginning after June 15, 2018, and later.

Implementation of this statement did not have a significant impact on the Authority's financial statements for the year ended June 30, 2020.

The Authority is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement provides recognition and measurement guidance for situations in which a government is a beneficiary of these agreements. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2021.

In June 2017, the GASB issued Statement No. 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. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2022.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this statement are 1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and 2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2022.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2021.

NOTE 1 – REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The 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 disclosure. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2023.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2022.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this statement is to address those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2022.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). An APA is defined as 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. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2023.

In May 2020, the GASB issued Statement No. 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. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2023.

In June 2020, the GASB issued Statement No. 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 that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for the Authority's fiscal year ending June 30, 2022.

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

The Authority's level of budgetary control where expenditures may not exceed appropriations is established at the fund level. The Authority follows these procedures in establishing the budgetary data reflected in the financial statements. The Measure C and Measure J Funds, however, may exceed the budgetary expenditures as long as the amounts owed to the Cities and the County are based on the expenditure plan:

1. The Executive Director or his or her designee submits a proposed operating budget to the Authority Board for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to adoption of the final budget, public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted by the Authority Board.
4. All budget adjustments must be approved by the Authority Board. Expenditures may not legally exceed the levels as specified in the budget control resolution.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. Budgets are adopted on a basis consistent with GAAP.

Overages in any particular budget expenditures category (organizational unit) must receive an approved budget change adjustment by the Authority Board for the following conditions: for capital project expenditures, if expenditures are expected to exceed the budget by $10 thousand or five percent, whichever is greater; for all other expenditures, if expenditures are projected to exceed the budget for the budgetary category by $5 thousand or five percent, whichever is greater.

The Authority has also adopted a Strategic Plan, which determines availability of funds for projects and is used as a guide for project appropriations. The plan is normally updated every two to three years, and is used in the development of the annual budget. The Authority maintains a financial system for budgetary and financial control. The Authority issued the 2011 Measure C Strategic Plan and the Measure J Strategic Plan updated in September 2019, March 2016, December 2013 and December 2011, respectively.

A. Excess of Expenditures over Appropriation

During fiscal year 2020, the following funds had expenditures in excess of budget are shown below (in thousands):

Fund	Excess of Expenditures Over Appropriations
Measure J General Fund	
Program: Additional paratransit	$ 175
Transportation Projects: Capital improvement projects	281
Measure C Special Revenue Fund	
Administration: Services, supplies, and capital outlay	379
Transportation Projects: Transit	18
Measure J Paratransit Other Governmental Fund	
Program: Paratransit	303

These funds had sufficient resources to finance these expenditures.

NOTE 3 – CASH AND INVESTMENTS

The Authority pools cash from all sources and funds except cash and investments held by fiscal agents so that it can be invested at the maximum yield, consistent with safety and liquidity objectives, while individual funds can make expenditures at any time. Each fund's portion of the pool is displayed on the statement of net position and combined balance sheet as "Cash and Investments."

The Authority records investment transactions on the trade date. Investments are reported at fair value. The Authority measures its investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, using observable market transactions or available market information. The Authority adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year. Investment income is allocated among funds on the basis of year-end fund balances in these funds. Investment income from cash and investments with trustees is credited directly to the related fund.

A. Carrying Amount at Fair Value

Cash and investments are carried at fair value and are categorized as follows at June 30, 2020 (in thousands):

	Available for Operations	Held by Fiscal Agents	Total
U.S. Treasury Notes	$ 62,060	$ -	$ 62,060
Federal Agency Securities	9,162	-	9,162
Corporate Notes	22,938	-	22,938
Municipal Obligations	736	-	736
Money Market Mutual Funds	164	13,496	13,660
Local Agency Investment Fund	11,852	-	11,852
Total Investments	106,912	13,496	120,408
Cash in Bank	5,460	-	5,460
Total Cash and Investments	$ 112,372	$ 13,496	$ 125,868
Cash and Investments:			
Unrestricted Cash and Investments	$ 112,372	$ -	$ 112,372
Restricted Cash and Investments	-	13,496	13,496
Total Cash and Investments	$ 112,372	$ 13,496	$ 125,868

NOTE 3 – CASH AND INVESTMENTS (Continued)

B. Authorized Investments by the Authority and Debt Agreements

The Authority has contracted with Public Trust Advisors to serve as the Authority's investment advisor. The Authority has adopted a written Investment Policy, which is more restrictive than State law as to terms of maturity, credit quality and type of investment. The following table identifies the investment types authorized for the Authority by the Authority's Investment Policy and the California Government Code. The following table also identifies certain provisions that address interest rate risk, credit risk, and concentration of credit risk.

The Authority must also maintain required amounts of cash and investments with fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds. The California Government Code requires these funds to be invested in accordance with Authority ordinance, bond indentures or State statute.

The investments authorized by debt agreements are the same as those authorized by the Authority's Investment Policy:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio [B]	Maximum Investment in One Issuer [B]
U.S. Treasury Obligations	5 years	N/A	None	None
U.S. Agency Obligations [A]	5 years	N/A	None	None
Repurchase Agreements	90 days	N/A	None	None
Reverse Repurchase Agreements (requires Authority approval)	92 days	N/A	20 % of the base value	None
State of California Obligations	5 years	Highest 2 rating categories	None	None
California Local Agency Obligations	5 years	Highest 2 rating categories	None	None
Bankers Acceptances	180 days	Highest rating categories	40%	None
Commercial Paper	270 days	A1	25%	None
Medium Term Corporate Notes	5 years	AA	30%	None
Mortgage Pass-Through Securities	5 years	AA	10%	None
Insured or Collateralized Bank Deposits	N/A	N/A	None	None
Negotiable Certificates of Deposit	5 years	AA	30%	None
California Local Agency Investment Fund	Upon Demand	N/A	$75,000,000 per account	$75,000,000 per account
Joint Powers Authority	N/A	N/A	None	None
Money Market Mutual Funds	N/A	Highest rating categories	20%	5%

[A] Securities issued by agencies of the federal government such as the Federal Farm Credit Bank (FFCB), the Federal Home Loan Bank (FHLB), the Federal National Mortgage Association (FNMA), and the Federal Home Loan Mortgage Corporation (FHLMC).

[B] "None" means "No limitation"

NOTE 3 – CASH AND INVESTMENTS (Continued)

C. Custodial Credit Risk

***Deposits**:* Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. The Authority does not have a policy for custodial credit risk on deposits. As of June 30, 2020, the carrying amount of the Authority's deposits was $5.460 million and the bank balance was $5.758 million. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the Authority's deposits in bank, $500 thousand was covered by federal depository insurance and $5.258 million was collateralized by the pledging financial institutions as required by Section 53652 of the California Governmental Code.

Under the California Government Code, Section 53652, the market value of the pledged securities must equal at least 110 percent of the Authority's deposits, with the exception of mortgage-backed securities, which must equal at least 150 percent.

***Investments*:** For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority does not have a policy regarding custodial credit risk on investments. As of June 30, 2020, the Authority's investments are not exposed to custodial credit risk.

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates and will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the Authority's investments to market interest rate fluctuations is provided by the following table that shows the distribution to the Authority's investments by maturity (in thousands):

	Maturities		
Investment Type	Less than One Year	One to Five Years	Total
U.S. Treasury Notes	$ -	$ 62,060	$ 62,060
Federal Agency Securities	-	9,162	9,162
Corporate Notes	7,725	15,213	22,938
Municipal Obligations	-	736	736
Money Market Mutual Funds *	13,660	-	13,660
Local Agency Investment Fund *	11,852	-	11,852
Total Investments	$ 33,237	$ 87,171	$ 120,408

* Maturity is based on the weighted-average maturity of the investment.

NOTE 3 – CASH AND INVESTMENTS (Continued)

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. Presented below is the actual rating as of June 30, 2020 for each investment type (in thousands) as provided by Standard and Poor's investment rating system:

	Credit Rating			
Investment Type	AAA	AA	A	Total
Federal Agency Securities	$ -	$ 9,162	$ -	$ 9,162
Corporate Notes	4,131	15,892	2,915	22,938
Municipal Obligations	-	736	-	736
Money Market Mutual Funds	13,660	-	-	13,660
Total	$ 17,791	$ 25,790	$ 2,915	46,496
Not rated:				
Local Agency Investment Fund				11,852
Total Investments				$ 58,348

The Authority's investment policy requires medium-term corporate notes to be rated in a rating category AA or better by a nationally recognized statistical rating organization. Two corporate notes totaling $2.9 million were rated AA at the time of purchase and were downgraded to A in May 2020.

F. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this disclosure. As of June 30, 2020, the Authority invested in Federal Home Loan Mortgage Corp, which represented 7.60% of the Authority's investments.

G. Investments Measured at Fair Value

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Authority has the following recurring fair value measurements as of June 30, 2020 (in thousands):

Investments	Balance at June 30, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments subject to fair value hierarchy:			
U.S. Treasury Notes	$ 62,060	$ 62,060	$ -
Federal Agency Securities	9,162	-	9,162
Corporate Notes	22,938	-	22,938
Municipal Obligations	736	-	736
Money Market Mutual Funds	13,660	-	13,660
Total investments subject to fair value hierarchy	$ 108,556	$ 62,060	$ 46,496

NOTE 3 – CASH AND INVESTMENTS (Continued)

The Authority's investment of $11.852 million in the Local Agency Investment Fund is not subject to fair value hierarchy.

Debt securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

H. Local Agency Investment Fund (LAIF)

The Authority is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the Authority's investment in the LAIF pool is reported in the accompanying financial statements at amounts based upon the Authority's pro rata share of the fair value provided by LAIF, for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. The total amount invested by all public agencies in LAIF as of June 30, 2020 is approximately $32.1 billion. LAIF is part of the Pooled Money Investment Account (PMIA) with a total portfolio of approximately $101.0 billion as of June 30, 2020. Of that amount, 96.63% is invested in non-derivative financial products and 3.37% in structured notes and asset-backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members, as designated by State statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis that is different than the fair value of the Authority's position in the pool. At June 30, 2020, these investments have an average maturity of 191 days.

NOTE 4 – INTERFUND TRANSACTIONS

Transfers Between Funds

With Board approval, as required under Measure C and Measure J or under the terms of the Authority's debt issues, resources are transferred from one Authority fund to another. Interfund transfers for the year ended June 30, 2020 were as follows (in thousands):

Fund Receiving Transfer	Fund Making Transfer	Purpose	Amount Transferred
Measure J General Fund	Measure J Debt Service Fund	(A)	$ 15,492
Measure J Debt Service Fund	Measure J General Fund	(B)	40,213
	Total		$ 55,705

Purposes of Transfers:
(A) Transfer bond proceeds to Measure J for project costs.
(B) Transfer sales tax revenues for debt service on the Sales Tax Revenue Bonds.

NOTE 5 – CAPITAL ASSETS

A. Capital Assets Contributed to Other Entities

The Authority excludes from its financial statements assets contributed to and maintained by other governments or organizations. The Authority has constructed a variety of capital projects consisting of local streets and roads and other transportation infrastructure projects, which upon completion were "contributed" to its Members, the State, or other governments responsible for their maintenance and care. Since those other agencies maintain the contributed capital assets, the cost of those assets has been excluded from the accompanying financial statements. This concept is followed regardless of whether infrastructure is financed with revenues or long-term debt. As of June 30, 2020, through Measures C and J, the Authority has expended $1.83 billion on infrastructure capital asset projects since the Authority's inception.

B. Authority Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value. The Authority defines capital assets as equipment, financial systems and leasehold improvements with an individual cost of more than $5 thousand and an estimated useful life in excess of two years.

Capital assets with limited useful lives are required to be 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 is provided using the straight line method, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The Authority has assigned a useful life of three to five years for Office Equipment, seven years for Furniture, five years for the Financial System and sixteen years for Leasehold Improvements.

Some capital assets may be acquired using federal and State grant funds, or they may be contributed by developers or other governments. Contributions are required to be accounted for as revenues at the time the capital assets are contributed.

NOTE 5 – CAPITAL ASSETS (Continued)

The Authority's capital assets comprise the following at June 30, 2020 (in thousands):

	Balance at June 30, 2019	Additions	Retirements	Balance at June 30, 2020
Cost:				
Office Equipment	$ 345	$ -	$ (103)	$ 242
Furniture	217	-	-	217
Financial System	457	-	-	457
Leasehold Improvements	415	-	-	415
Subtotal	1,434	-	(103)	1,331
Accumulated Depreciation:				
Office Equipment	(322)	(12)	103	(231)
Furniture	(213)	(1)	-	(214)
Financial System	(405)	(17)	-	(422)
Leasehold Improvements	(234)	(26)	-	(260)
Subtotal	(1,174)	(56)	103	(1,127)
Capital Assets, net of accumulated depreciation	$ 260	$ (56)	$ -	$ 204

NOTE 6 – LONG-TERM DEBT

A. Changes in Long-Term Obligations

The Authority issued the debt summarized below to finance infrastructure capital assets contributed to other governments (See Note 5) (in thousands).

	Balance June 30, 2019	Additions	Payments/ Adjustments	Balance June 30, 2020	Amounts Due Within One Year
Bonds					
2012A&B Sales Tax Revenue Bonds	$ 27,285	$ -	$ (14,835)	$ 12,450	$ -
2015A Sales Tax Revenue Bonds	164,260	-	-	164,260	18,200
2017A Sales Tax Revenue Bonds	79,670	-	(3,785)	75,885	2,860
2018A&B Sales Tax Revenue Bonds	195,030	-	-	195,030	-
Total long-term debt	466,245	-	(18,620)	447,625	21,060
Add Unamortized Premium:					
2012B Bond Premium	5,260	-	(2,412)	2,848	93
2015A Bond Premium	28,225	-	(1,061)	27,164	3,834
2017A Bond Premium	15,271	-	(1,087)	14,184	932
2018B Bond Premium	19,973	-	(689)	19,284	689
Total Unamortized Premium	68,729	-	(5,249)	63,480	5,548
Total long-term debt, net	$ 534,974	$ -	$ (23,869)	$ 511,105	$ 26,608

NOTE 6 – LONG-TERM DEBT (Continued)

On August 23, 2018, the Authority issued $195.0 million in Sales Tax Revenue Bonds (Limited Tax Bonds), comprised of $100.0 million Series 2018A and $95.0 million Series 2018B (the "2018 Bonds"). Proceeds of the 2018A Bonds were used to current refund $100 million of the 2012A Bonds, while proceeds of the 2018B Bonds were used to current refund $101.5 million of the 2012A Bonds and fund a partial termination fee relating the 2012A Bonds' Swap (see Section C below). Interest rates on the 2012B Series is 5.00 percent.

Although the 2018A Bonds mature on March 1, 2034, the Series 2018A Bonds are subject to mandatory tender for purchase on the Index Tender Date of September 1, 2021 and, if not remarketed on such Index Tender Date, will not be purchased and will thereafter bear interest at a per annum interest rate of 8% until paid. On or before the Special Mandatory Tender Date, the Authority intends to provide a Conversion Notice to the Bondholder Representative to exercise its option to remarket the 2018A Bonds or otherwise refinance with a subsequent bond transaction.

On June 1, 2017, the Authority issued $83.6 million in Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2017A (the "2017 Bonds"). Proceeds of the 2017 Bonds and the bond premium of $16.9 million will be used to finance a portion of the costs associated with certain transportation projects authorized by the Measure J expenditure plan. Interest rates on the 2017A Series range 2.00 percent to 5.00 percent.

On October 15, 2015, the Authority issued $166.6 million in Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2015A (the "2015 Bonds"). Proceeds of the 2015 Bonds were used to partially current refund $84.47 million of the 2012B Sales Tax Revenue Bonds, (Limited Tax Bonds), Series 2012B (the "2012B Bonds"), which were issued to finance the costs of certain transportation facility and service improvements within the County, including highway improvements, and public transit improvements. The refunding resulted in net present value savings of $5.1 million an accounting gain of $2.6 million.

In addition, proceeds of the 2015 Bonds of $85.9 million and a bond premium of $32.1 million were used to finance a portion of the costs associated with certain transportation projects authorized by the Measure J expenditure plan. Interest rates on the 2015 Bonds range 2.00 percent to 5.00 percent.

On December 18, 2012, the Authority issued $390.2 million in Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2012A $201.5 million and 2012B $188.8 million (the "2012 Bonds"). Proceeds of the 2012A Bonds were used to current refund the 2010 Sales Tax Revenue Bonds (Limited Tax Bonds), Series 2010 (the "2010 Bonds") with an outstanding principal balance of $201 million, which were issued to finance the costs of certain transportation facility and service improvements within the County, including highway improvements, and public transit improvements. Proceeds of the 2012B Bonds of $188.8 million and the bond premium of $37.2 million were used to finance a portion of the costs associated with certain transportation projects authorized by the Measure J expenditure plan. Interest rates on the 2012B Series range 4.00 percent to 5.00 percent.

In 2012, the current refunding of the 2010 Sales Tax Revenue Bonds resulted in a deferred outflow of resources on refunding of debt in the amount of $52.78 million, which represents the termination of the hedge related to the 2010 Sales Tax Revenue Bonds. As of June 30, 2020, the Authority has amortized $18.63 million, and reports a balance of $34.15 million.

NOTE 6 – LONG-TERM DEBT (Continued)

The 2012, 2015, 2017, and 2018 Bonds are limited obligations of the Authority payable solely from and secured solely by a pledge of sales tax revenues collected from Measure J. The Measure J sales tax will expire on March 31, 2034. The 2012, 2015, 2017, and 2018 Bonds are not secured by a debt service reserve.

The total projected Measure J Sales Tax revenue, as reported in the 2019 Measure J Strategic Plan, is expected to approximate $2.6 billion, which is sufficient to repay the estimated debt service, including net interest rate swap settlements, of $613.9 million on the 2012, 2015, 2017, and 2018 Bonds.

B. Annual Future Payments

The following table presents the Authority's aggregate annual amount of principal and interest payments required to amortize the outstanding debt (in thousands):

Year ending June 30:	Principal	Interest	Total
2021	$ 21,060	$ 20,579	$ 41,639
2022	23,555	19,628	43,183
2023	26,220	18,570	44,790
2024	27,480	17,304	44,784
2025	28,190	15,984	44,174
2026-2030	159,810	58,120	217,930
2031-2034	161,310	16,043	177,353
	$ 447,625	$ 166,228	$ 613,853

C. Swap Commitment

In fiscal year 2005, in order to protect itself against rising interest costs on the expected issuance of bonds, the Authority entered into forward commitment interest rate swap agreements with Bank of America, N.A. and Merrill Lynch Capital Services, Inc. (the Counterparties). An interest rate swap is a contractual agreement whereby the parties agree to exchange cash flows over a certain period of time. Beginning on September 23, 2009, the Authority was to pay a fixed rate of 3.6574% to the Counterparties, and the Counterparties would pay a floating rate to the Authority. The floating rate is expected to approximately equal the floating rate which the Authority will pay to the holders of its floating rate bonds, issued in 2012. Including anticipated ongoing fees associated with the floating rate bonds, the synthetic fixed rate which the Authority would pay was considered a very favorable rate in comparison with long-term interest rates.

On September 18, 2009, the Authority partially terminated $100 million of an existing $150 million floating-to-fixed swap with Merrill Lynch Capital Services, Inc. (Merrill Lynch) and simultaneously novated the remaining $50 million notional amount to Bank of America, N.A. (BofA), who acquired Merrill Lynch. The partial termination resulted in an amended $200 million floating-to-fixed swap with BofA, which relates to the Series 2012A Bonds.

NOTE 6 – LONG-TERM DEBT (Continued)

On August 23, 2018, the Authority partially terminated $100 million of the $200 million floating-to-fixed swap with BofA. The partial termination resulted in an amended $100 million floating-to-fixed swap with BofA, which relates to the 2018A Bonds. A summary of the terms of the interest rate swap agreement is presented below:

Term	Counterparty Bank of America
Notional Amount	$100 million
Effective Date	August 23, 2018
Interest Rate Swap:	
Basis of interest payments due from Authority:	
Fixed rate on notional amount	3.6574%
Basis of interest receipts due from Counterparty:	
Floating rate on notional amount	
% of 1-month LIBOR (London Interbank Offered Rate)	63.50%
Additional Basis Points	29 (0.29%)
Termination date (maturity date)	March 1, 2034
Fair Value loss at June 30, 2019	$24.112 million
Fair Value loss at June 30, 2020	$33.767 million
Credit rating	Aa2/A+/AA-

Risks associated with the interest rate swap agreement and the 2018 Bonds as of June 30, 2020 are summarized and discussed below:

Basis Risk: The Authority is exposed to basis risk as the hedging derivative instrument uses LIBOR as the basis of interest rate receipts from the Counterparty, while the Authority uses the LIBOR as the basis of interest payments on the 2018A Bonds. The risk is that the receipts from the Counterparty may not correspond to or may be insufficient to cover the floating rate payments due on the bonds.

Tax Risk: Tax risk results from uncertainty in future income tax law leading to a mismatch between the interest rate paid on the Authority's underlying bonds and the rate received on the swap agreements that could be caused by a reduction in, or *elimination* of, the benefits of tax-exempt debt. On December 22, 2017, the Tax Cuts and Jobs Act was signed into law. Effective January 1, 2018 the maximum corporate tax rate was lowered from 35 percent to 21 percent, thereby impacting the interest rate paid on the 2012A Bonds via a Margin Rate Factor provision under the agreement with State Street Public Lending Corporation. The Margin Rate Factor resulted in a higher interest rate paid on the 2012A Bonds compared to the floating rate received on the BofA swap. The issuance of the 2018A Bonds eliminated this mismatch that was a result from changes in the federal tax reform.

Credit (Counterparty) Risk: This is the risk that Counterparties could fail to make payments as specified under the swap agreement.

NOTE 6 – LONG-TERM DEBT (Continued)

As of June 30, 2020, the fair value loss of the hedging derivative instrument, which is in favor of the Counterparty, was $33.767 million. The fair value hierarchy of the interest rate swap is Level 2. The change in fair value represents an increase of $9.655 million from the fair value loss of $24.112 million reported in the prior fiscal year. The fair value loss represents the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. As an effective hedge, the Authority has accounted for the changes in fair value of the hedging derivative instrument as deferred outflows of resources or deferred inflows of resources on the statement of net position.

In August of 2018, the Authority refunded the 2012A Sales Tax Revenue Bonds with the proceeds of the 2018A and B Bonds. As a result of the refunding, the Authority reported a deferred inflow of resources on the refunding of debt in the amount of $8.633 million, which is being amortized over 14.5 years. The Authority reports deferred inflows of resources in the amount of $3.471 million, which represents the accumulated change in fair value as of June 30, 2020 for an effective hedge from inception of the 2018B Sales Tax Revenue Bonds.

This fair value takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction and any upfront payments that may have been received. The fair value was estimated using the zero-coupon discounting method. This method calculates the future payments required by the interest rate swap, assuming that the current forward rates implied by the LIBOR swap yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the interest rate swap.

Depending on the fair value, the Authority could be further exposed to interest rate risk if the Counterparty defaults or if the interest rate swap agreement is terminated. Under the terms of the Credit Support Annex (CSA), the posting of collateral by the Counterparty is a function of the credit rating of the Counterparty and threshold value if the fair market value exceeds $20 million in favor of the Authority. Collateral was not required to be pledged by the Counterparty at June 30, 2020.

Conversely, as of June 30, 2020 the collateralization provisions for the 2018A Bonds are bilateral and require the Authority to pledge collateral for the fair value of the interest rate swap agreement should that fair value exceed $40 million in favor of the Counterparty and credit ratings of the Authority fall below applicable thresholds. Collateral was not required to be pledged by the Authority at June 30, 2020.

Termination Risk: The Authority or Counterparty may terminate the interest rate swap agreement if the other party fails to perform under the terms of the agreement. If the interest rate swap agreement is terminated, the associated portion of the 2018A Bonds would no longer be hedged to a fixed rate. If at the time of termination the interest rate swap agreement has a negative fair value, the Authority would be liable to the Counterparty for a termination payment equal to its fair value. As previously noted, the BofA swap was partially terminated with proceeds of the 2018B Bonds.

Rollover Risk: Rollover risk is the risk that the interest rate swap associated with 2018A Bonds matures or may be terminated prior to the maturity of the associated debt. If the interest rate swap terminates, the Authority will be re-exposed to the risks being hedged by the interest rate swap. The interest rate swap associated with the 2018A Bonds terminates on March 1, 2034, the same date of the final maturity on the 2018A Bonds.

NOTE 6 – LONG-TERM DEBT (Continued)

Swap payments and associated debt: Using the rates as of the issuance of the 2018A Bonds, debt service requirements for the Authority's outstanding 2018A Bonds and interest rate swap payments are as follows (in thousands):

Year Ending June 30:	Principal	Interest	Interest Rate Swaps, net	Total
2021	$ -	$ 376	$ 3,252	$ 3,628
2022	-	376	3,252	3,628
2023	-	378	3,252	3,630
2024	-	375	3,252	3,627
2025	-	376	3,252	3,628
2026-2030	2,915	1,877	16,228	21,020
2031-2034	97,085	809	6,986	104,880
	$ 100,000	$ 4,567	$ 39,474	$ 144,041

D. Events of Default and Acceleration Clauses

The Authority is considered to be in default if the Authority fails to pay the principal or redemption price of or sinking fund installment for, or interest on, any outstanding bond, when and as the same will become due and payable, whether on the interest payment date, at maturity, by call redemption, or otherwise. If an event of default has happened and will not have been remediated, the Authority, upon the demand of the trustee, will cause to be paid over to the trustee by the first business day of each month, all revenues with respect to the preceding month. During the continuance of an event of default, the trustee will apply revenues received by the trustee to the payment of the principal, redemption price, and parity purchase price of and interest on the outstanding bonds, and the principal, redemption price, and parity purchase price of and interest on the other outstanding parity obligations then due and payable.

NOTE 7 – PENSION PLAN

A. General Information about the Pension Plan

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

The State passed the California Employees' Pension Reform Act (PEPRA) which became effective on January 1, 2013. PEPRA changes include the classification of active employees into two distinct classifications: classic members and new members. Classic members represent active members hired before January 1, 2013, and retain the pension plan benefits in effect. New members are active members hired on or after January 1, 2013, and are subject to PEPRA.

NOTE 7 – 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. The death benefit is one of the following: the Basic Death Benefit, the 1959 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 Plan's provisions and benefits in effect at June 30, are summarized as follows:

Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 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 percentage of eligible compensation	2%-2.418%	2.00%
Required employee contribution rates	7.00%	6.75%
Required employer contribution rates	9.680%	6.985%

Contributions: The 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 the Pension Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2020, the Authority actuarially determined contractually required contribution was $275 thousand. Additionally, the Authority made a prepayment of $1.2 million in fiscal year 2019, which was recognized as a reduction of the net pension liability for the measurement period ended June 30, 2019.

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

The Authority's net pension liability for the Pension Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Pension Plan is measured as of June 30, 2019, and the total pension liability for the Pension Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, using standard update procedures. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plans related to the projected contributions of all participating employers, actuarially determined. The Authority's proportionate share of the net pension liability for the Pension Plan was 0.00064% or $65 thousand, a decrease of $979 thousand from the prior year.

NOTE 7 – PENSION PLAN (Continued)

For the measurement period ended June 30, 2019, the Authority recognized pension expense of $674 thousand. At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 275	$ -
Differences between expected and actual experience	5	-
Change in assumptions	3	1
Net differences between projected and actual earnings on plan investments	-	1
Change in employer's proportion	305	634
Difference between the employer's contributions and the employer's proportionate share of contributions	643	181
Total	$ 1,231	$ 817

For the measurement period ended June 30, 2019, the Authority reported $275 thousand as deferred outflows of resources related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the measurement year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows (in thousands):

Year Ending June 30:	Deferred Outflows/(Inflows) of Resources
2021	$ 61
2022	74
2023	3
2024	1
	$ 139

Actuarial Assumptions: The total pension liabilities in the June 30, 2018 actuarial valuations, which were rolled forward to June 30, 2019, were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.50% net of Pension Plan Investment and administrative expenses; includes inflation
Mortality	Derived using CalPERS' Membership Data for all Funds [(1)]

[(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 CalPERS December 2017 experience study report available on CalPERS website.

NOTE 7 – PENSION PLAN (Continued)

All other actuarial assumptions used in the June 30, 2018 valuation was based on the results an actuarial experience study for the fiscal years 1997 to 2015, including updates to salary increase, mortality and retirement rates. The experience study report can be obtained at the CalPERS website under Forms and Publications.

Discount Rate: The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans would run out of assets. Therefore, the 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report named "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB Statement No. 68 section.

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 return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 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 rounded down to the nearest one quarter of one percent.

In December of 2016, the CalPERS Board of Administration approved lowering the discount rate assumption from 7.50% to 7.00% over the next three years. This has increased public agency employer contribution costs beginning in Fiscal Year 2018-19.

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.

Asset Class	New Strategic Allocation	Real Return Year 1-10 [(a)]	Real Return Year 11+ [(b)]
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Infrastructure and Forestland	0.00%	0.00%	0.00%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

NOTE 7 – PENSION PLAN (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the Authority's proportionate share of the net pension liability of the Pension Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate (in thousands):

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Proportionate Share of Net Pension Liability / (Asset)	$2,091	$65	$(1,607)

Pension Plan Fiduciary Net Position: Detailed information about the Pension Plan's fiduciary net position is available in the separately issued CalPERS financial report, copies of which may be obtained from the CalPERS Executive Offices, Lincoln Plaza East, 400 Q Street, Sacramento, California 95814.

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

A. General Information about the Pension Plan

Plan Descriptions and Benefits Provided: The Authority participates in the California Employers' Retirement Benefit Trust (CERBT), an irrevocable trust established to fund postemployment healthcare benefits. The CERBT fund is an agent multiple employer trust that was established by CalPERS and is managed by an appointed governing body not under the control of the Authority. This trust is not considered a component unit of the Authority and has been excluded from these financial statements.

The Authority adopted an additional Employer Health Vesting plan which became effective on November 1, 2019, and shall apply to employees hired after the effective date. Employees hired before November 1, 2019, retain the plan benefits in effect. Employees become eligible to retire and receive healthcare benefits upon reaching the age of 50 or over with 5 years of PERS-credited service or being converted to disability, retiring directly from the Authority, and continue participating in Public Employees' Medical and Hospital Care Act (PEMHCA) after retirement. New employees hired on or after November 1, 2019, and are subject to the new vesting schedule requirements. Employees become eligible to retire and receive healthcare benefits upon reaching the age of 50 or over with 10 years of PERS-credited service is required to receive 50% of the employer contribution. Five of the ten years of service must be with the Authority. Each additional service credit year after ten years increases the employer contribution percentage by 5% until 20 years at which time the retiring employee is eligible for 100% of the employer contribution. As an exception to the vesting requirement, an employee who retires under disability directly from the Authority, and continues to participate in Public Employees' Medical and Hospital Care Act (PEMHCA) after retirement, is eligible for the full employer contributions. Each eligible retiree is entitled to reimbursement for health care premium costs incurred on a CalPERS health insurance plan based on 95% Kaiser Region 1 Basic plan. The Authority pays monthly health insurance premiums up to $730, $1,460, $1,898 for a retiree, couple, and family, respectively.

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Employees covered by benefit terms: At June 30, 2019, the most recent valuation date, the following employees were covered by the benefit terms:

	Number of Covered Participants
Inactive plan members or beneficiaries currently receving benefits	12
Active plan members	19
	31

Net OPEB Liability and assumptions: The Authority's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019.

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Actuarial Assumptions:	
Discount Rate	6.75%
Inflation	2.75%
Salary Increase	3% per annum, in aggregate
Investment Rate of Return	6.75%
Healthy Mortality	CalPERS 1997-2015 Experience Study projected fully generational using scale MP-16
Disabled Mortality	CalPERS 1997-2015 Experience Study projected fully generational using scale MP-16
Health Trend Rate	7.5% for non-Medicare and 6.5% for Medicare for 2019, decreasing to an ultimate rate of 4% in 2076 and later years

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

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 geometric 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
Global Equity	59%	4.82%
Fixed Income	25%	1.47%
TIPS	5%	1.29%
Commodities	3%	0.84%
REITs	8%	3.76%
Total	100%	
Long-Term Expected Rate of Inflation		2.75%
Long-Term Net Rate of Return (rounded)		6.75%

The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that the Authority's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability: The changes in the net OPEB liability of the OPEB Plan, measured as of June 30, 2019 are as follows (in thousands):

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2019 (Measurement Date June 30, 2018)	$ 4,033	$ 4,098	$ (65)
Changes recognized for the measurement period:			
Service cost	245	-	245
Interest	284	-	284
Actual vs. expected experience	(283)	-	(283)
Assuption changes	(11)	-	(11)
Contributions - employer	-	325	(325)
Net investment income	-	272	(272)
Benefit payments	(148)	(148)	-
Administrative expense	-	(1)	1
Net Change	87	448	(361)
Balance at June 30, 2020 (Measurement Date June 30, 2019)	$ 4,120	$ 4,546	$ (426)

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the net OPEB liability of the Authority, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current discount rate (in thousands):

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability / (Asset)	$149	$(426)	$(894)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rate: The following presents the net OPEB liability of the Authority, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rates that is 1-percentage-point lower or 1- percentage-point higher than the current healthcare cost trend rates (in thousands):

	1% Decrease (4.50%)	Current Discount Rate (5.50%)	1% Increase (6.50%)
Net OPEB Liability / (Asset)	$(892)	$(426)	$153

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERBT financial report, which may be obtained from CalPERS, Lincoln Plaza North, 400 Q Street, Sacramento, CA 95811

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

Most changes in the net OPEB liability are included in OPEB expense in the year of change, including changes resulting from current-period service cost, interest on the total OPEB liability, changes in benefit terms, and projected earnings on the OPEB plan's investments. Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in the future as OPEB expense. OPEB expense for the year ended June 30, 2020 is $167.

The recognition period differs depending on the source of the gain or loss:

Source	Initial Recognition Period
Difference between projected and actual earnings on OPEB plan investments	5 years
Changes of assumptions	Expected remaining service lives
Differences between expected and actual experience	Expected remaining service lives

The expected remaining service lives for the measurement period ended June 30, 2019 was 6.5 years.

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

As of June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 323	$ -
Differences between expected and actual experience	-	239
Change in assumptions	-	9
Net difference between projected and actual earnings on OPEB plan investments	-	65
	$ 323	$ 313

The $323 thousand 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 during the fiscal year ending June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in expense as follows (in thousands):

Year Ending June 30:	Deferred Outflows/(Inflows) of Resources
2021	$ (76)
2022	(77)
2023	(53)
2024	(43)
2025	(46)
Thereafter	(18)
	$ (313)

NOTE 9 – DEFERRED COMPENSATION PLAN

Authority employees may voluntarily defer a portion of their compensation under Authority-sponsored Deferred Compensation Plans created in accordance with Internal Revenue Code Section 457. The Executive Director also currently receives a 457 Plan contribution as part of his compensation agreement. For staff, the Authority will contribute $1,200 to $3,600 annually based on years of service. Under these 457 Plans, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Plans.

The Authority has no liability for any losses which may be incurred by the Plans and does not participate in any gains, but it does have the duty of due care that would be required of an ordinary prudent investor. The Authority has contracts with CalPERS and with Lincoln Financial Group to manage and invest the assets of the Plans. These administrators pool the assets of the Plans with those of other participants and do not make separate investments for the Authority. Plan assets are subject to agreements which incorporated changes in the laws governing deferred compensation plan assets and are held by a trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under this plan are not the Authority's property and are not subject to claims by general creditors of the Authority, they have been excluded from these financial statements.

NOTE 10 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Authority manages and finances these risks by purchasing commercial insurance and has a $1 thousand deductible for general and special property liability with limits of $10 million and $350 million, respectively. For automobile, the Authority has a $1 thousand deductible with a limit of $10 million. The Authority's deductible for crime is $2.5 thousand, with a limit of $1 million. The Authority has no deductible for workers compensation with a $1 million limit. There have been no significant reductions in insurance coverage from the previous year, nor have settled claims exceeded the Authority's commercial insurance coverage's in any of the past three years.

As of June 30, 2020, the Authority had no material claims outstanding for general liability or for workers' compensation cases.

NOTE 11 – NET POSITION AND FUND BALANCES

Net Position is measured on the full accrual basis, while Fund Balance is measured on the modified accrual basis.

A. Net Position

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

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

Restricted: This category describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions, which the Authority cannot unilaterally alter. These principally include restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those amounts, to fund construction commitments and debt service requirements.

Unrestricted: This category describes the portion of net position which is not restricted to use. As of June 30, 2020, the Authority had an unrestricted net position deficit amounting to $515.9 million. This net position deficit is a result of capital projects, which are contributed or transferred to other governments upon completion since those entities are responsible for maintaining them. Authority management has estimated that since Measure C's inception, and subsequently Measure J's, the Authority has constructed $1.830 billion in capital assets. These assets are reflected on other governments' financial statements in accordance with generally accepted accounting principles.

NOTE 11 – NET POSITION AND FUND BALANCES (Continued)

B. Fund Balances

The fund balance for governmental funds are reported in specific classifications (nonspendable, restricted, committed, assigned and unassigned) that create a hierarchy primarily based on the extent to which the Authority is bound to honor the constraints on the specific purposes for which funds can be spent. The Authority has $3 thousand in nonspendable and $104.655 million in restricted fund balance at June 30, 2020 as it is bound by the Measure C and Measure J Expenditure Plans approved by voters.

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

NOTE 12 – COMMITMENTS AND CONTINGENCIES

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

The Authority receives federal and State grant funds. The amounts, if any, of the Authority's grant expenditures which may be disallowed upon audit by the granting agencies cannot be determined at this time, although the Authority expects any such amounts to be immaterial.

The Authority has various contracts with private consulting companies and cooperative agreements with governmental entities. As of June 30, 2020, the Authority had outstanding commitments approximating $231.9 million. These commitments include $89.6 million to Caltrans-Department of Transportation, $31.5 million to Brosamer & Wall Inc., $17.6 million to WSP USA Inc., $12.2 million to Bay Cities Paving and Grading, $12.6 million to the San Francisco Bay Area Rapid Transit District (BART) system, $8.6 million to HDR Engineering, Inc., $7.1 million to Advanced Mobility Group, $4.1 million to HANNA Group, $2.8 million to Contra Costa County and $4.5 million to City of Richmond for Authority projects related to Innovate 680, I-680/State Route 4 Interchange improvements, State Highway Route 4 widening, SR239 environmental and engineering , I-680 HOV Lane Completion and Express Lane, I-80/Central Avenue improvements, Caldecott Tunnel improvements, Walnut Creek BART Station Modernization, eBART Antioch Parking Lot Expansion and Norris Canyon safety improvements.

The Authority leases its office facility and certain office equipment under operating lease agreements. During the year ended June 30, 2020, lease expenditures approximated $390 thousand. A schedule of future minimum lease payments on noncancelable operating leases follows (in thousands):

Year Ending June 30:		
2021	$	404
2022		401
2023		488
2024		464
2025		478
2026-2027		491
	$	2,726

CONTRA COSTA TRANSPORTATION AUTHORITY

Required Supplementary Information (Unaudited)

Schedule of Proportionate Share of the Net Pension Liability and Related Ratios

As of June 30, 2020

Last 10 Years*

(Dollars In Thousands)

Fiscal year	2015	2016	2017	2018	2019	2020
Proportion of net pension liability	0.03557%	0.00001%	0.00896%	0.01157%	0.01083%	0.00064%
Proportionate share of the net pension liabilit	$ 2,213	$ -	$ 776	$ 1,147	$ 1,044	$ 65
Covered payroll	$ 2,087	$ 2,215	$ 2,430	$ 2,416	$ 2,548	$ 2,777
Proportionate share of the net pension liability as a percentage of covered payroll	106.04%	0.00%	31.93%	47.47%	40.97%	2.34%
Plan fiduciary net position as a percentage of total pension liability	80.43%	78.40%	74.06%	73.31%	75.26%	75.26%

Notes to Schedule:

Change in benefit terms - The figures above do not include any liability impact that may have resulted from plan changes that occurred after June 30, 2014, as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of two years additional service credit.

Changes in assumptions

The discount rates were changed as follows: 7.50% in measurement period 2014, 7.65% in measurement periods 2015 and 2016, 7.15% in measurement period 2017.

During measurement period 2018, demographic assumptions and inflation rate were changed based on the CalPERS Experience Study and Review of Actuarial Assumptions December 2017.

* Fiscal year 2015 was the first year of implementation of GASB Statement No. 68, therefore only six years of information is shown.

CONTRA COSTA TRANSPORTATION AUTHORITY
Required Supplementary Information (Unaudited)
Schedule of Contributions - Pension Plan
As of June 30, 2020
Last 10 Years*
(Dollars In Thousands)

Fiscal year	2014	2015	2016	2017	2018	2019	2020
Contractually required contribution (actuarially determined)	$ 318	$ 207	$ 206	$ 226	$ 229	$ 256	$ 275
Contributions in relation to the contractually required contributions	(318)	(207)	(206)	(226)	(229)	(256)	(275)
One-time lump sum contributions	-	(2,210)	-	-	-	(1,238)	-
Contribution deficiency (excess)	-	(2,210)	-	-	-	(1,238)	-
Covered payroll	$ 2,087	$ 2,215	$ 2,430	$ 2,416	$ 2,548	$ 2,777	$ 3,145
Contributions as a percentage of covered payroll	15.24%	109.12%	8.48%	9.35%	8.99%	53.80%	8.74%

Notes to Schedule:

The actuarial methods and assumptions used to determine the fiscal year 2020 contribution rates are as follows:

Valuation date:	6/30/2017
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level percent of payroll
Asset Valuation Method	Actuarial value of assets
Inflation	2.63%
Payroll Growth	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.25%, net of pension plan investment and administrative expenses, includes inflation
Retirement Age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

* Fiscal year 2015, using the fiscal year 2014 measurement period, was the first year of implementation of GASB Statement No. 68, therefore only seven years of information is shown.

CONTRA COSTA TRANSPORTATION AUTHORITY
Required Supplementary Information (Unaudited)
Schedules of Changes in Net OPEB Liability and Related Ratios
As of June 30, 2020
Last 10 Years*
(Dollars in thousands)

Fiscal year	2018	2019	2020
Total OPEB liability			
Service cost	$ 231	$ 238	$ 245
Interest on total OPEB liability	235	259	284
Changes in assumptions	-	-	(11)
Differences between expected and actual experience	-	-	(283)
Benefits payments, including refunds of employee contributions	(106)	(124)	(148)
Net change in total OPEB liability	360	373	87
Total OPEB liability - beginning	3,300	3,660	4,033
Total OPEB liability - ending	3,660	4,033	4,120
Plan fiduciary net position			
Contributions - Employer	278	291	325
Net investment income	346	297	272
Benefit payments, including refunds of employee contributions	(106)	(124)	(148)
Administrative expense	(2)	(7)	(1)
Net change in plan fiduciary net position	516	457	448
Plan fiduciary net position - beginning	3,125	3,641	4,098
Plan fiduciary net position - ending	3,641	4,098	4,546
Plan net OPEB liability / (asset) - ending	$ 19	$ (65)	$ (426)
Plan fiduciary net position as a percentage of the total OPEB liability	99.48%	101.61%	110.34%
Covered payroll	2,416	2,548	2,777
Plan net OPEB liability as a percentage of covered payroll	0.79%	-2.55%	-15.34%

* Fiscal year 2018 was the first year implementation of GASB Statement No. 75, therefore only three years of information is shown.

CONTRA COSTA TRANSPORTATION AUTHORITY
Required Supplementary Information (Unaudited)
Schedule of Contributions - OPEB Plan
As of June 30, 2020
Last 10 Years*
(Dollars In Thousands)

Fiscal year	2017	2018	2019	2020
Actuarially determined contribution	$ 278	$ 292	$ 325	$ 323
Contractually in relation to the actuarially determined	(278)	(292)	(325)	(323)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 2,416	$ 2,548	$ 2,777	$ 3,145
Contributions as a percentage of covered payroll	11.50%	11.46%	11.70%	10.27%

Notes to Schedule:

Actuarially determined contribution for fiscal year	June 30, 2020
Valuation date:	June 30, 2019
Actuarial cost method	Entry Age Normal, Level Percentage of Payroll
Asset valuation method	Investment gains and losses spread over 5-year rolling period
Discount rate	6.75%
Inflation	2.75%
Medical trend	Non-Medicare: 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare: 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
Motility	CalPERS 1997-2015 experience study
Mortality improvement	Mortality projected fully generational with Scale MP-16

* Fiscal year 2018 was the first year of implementation of GASB Statement No. 75, therefore only four years of information is shown.

CONTRA COSTA TRANSPORTATION AUTHORITY
MEASURE J DEBT SERVICE FUND
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(In thousands)

	Budget			
	Original	**Final**	**Actual**	**Variance with Budget - Positive (Negative)**
Revenues				
Investment income	$ 305	$ 305	$ 873	$ 568
Expenditures				
Debt service:				
Principal	18,620	18,620	18,620	-
Interest and related fees	21,932	21,932	21,569	363
Total Expenditures	40,552	40,552	40,189	363
Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,247)	(40,247)	(39,316)	931
Other Financing Sources (Uses)				
Transfer in	40,552	40,552	40,213	(339)
Transfer out	(21,500)	(15,500)	(15,492)	8
Total Other Financing Sources (Uses)	19,052	25,052	24,721	(331)
Change in Fund Balances	$ (21,195)	$ (15,195)	(14,595)	$ 600
Fund Balances - Beginning			28,640	
Fund Balances - Ending			$ 14,045	

CONTRA COSTA TRANSPORTATION AUTHORITY
OTHER GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020
(In thousands)

	Measure J Paratransit	Measure J Commute Alternatives	Air Quality	GoMentum	Total Non-Major Special Revenue Funds
Assets					
Cash and investments	$ 9,237	$ 1,189	$ 2,376	$ 1,799	$ 14,601
Receivables:					
Sales tax	814	163	-	-	977
Total Assets	$ 10,051	$ 1,352	$ 2,376	$ 1,799	$ 15,578
Liabilities					
Accounts payable and accrued liabilities	$ 438	$ 112	$ 197	$ 1,112	$ 1,859
Benefits payable	-	-	1	-	1
Deposits payable (Note 6)	-	-	-	400	400
Total Liabilities	438	112	198	1,512	2,260
Fund Balances					
Restricted:					
Paratransit program	9,613	-	-	-	9,613
Commute alternatives	-	1,240	-	-	1,240
Air quality	-	-	2,178	-	2,178
GoMentum	-	-	-	287	287
Total Fund Balances	9,613	1,240	2,178	287	13,318
Total Liabilities and Fund Balances	$ 10,051	$ 1,352	$ 2,376	$ 1,799	$ 15,578

CONTRA COSTA TRANSPORTATION AUTHORITY
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020
(In thousands)

	Measure J Paratransit	Measure J Commute Alternatives	Air Quality	GoMentum	Total Non-Major Special Revenue Funds
Revenues					
Sales tax	$ 4,673	$ 935	$ -	$ -	$ 5,608
Investment income	489	62	111	14	676
Federal Congestion Mitigation (CMAQ)	-	64	-	-	64
State Transportation Agency Grant	-	53	-	1,845	1,898
State Motor Vehicle Registration Surcharge (TFCA)	-	-	1,656	410	2,066
Contributions	-	13	-	-	13
Total Revenues	5,162	1,127	1,767	2,269	10,325
Expenditures					
Current expenditures:					
Programs:					
Salaries and employee benefits	60	47	110	203	420
Contributions to other agencies	5,397	825	1,526	1,936	9,684
Total Expenditures	5,457	872	1,636	2,139	10,104
Change in Fund Balances	(295)	255	131	130	221
Fund Balances - Beginning	9,908	985	2,047	157	13,097
Fund Balances - Ending	$ 9,613	$ 1,240	$ 2,178	$ 287	$ 13,318

CONTRA COSTA TRANSPORTATION AUTHORITY
MEASURE J PARATRANSIT FUND
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(In thousands)

	Budget			
	Original	**Final**	**Actual**	**Variance with Budget - Positive (Negative)**
Revenues				
Sales tax	$ 4,590	$ 4,025	$ 4,673	$ 648
Investment income	175	100	489	389
Total Revenues	4,765	4,125	5,162	1,037
Expenditures				
Current expenditures:				
Programs:				
Salaries and employee benefits	60	63	60	3
Contributions to other agencies	4,104	5,087	5,397	(310)
Total Expenditures	4,164	5,150	5,457	(307)
Excess (Deficiency) of Revenues Over (Under) Expenditures	601	(1,025)	(295)	730
Change in Fund Balance	$ 601	$ (1,025)	(295)	$ 730
Fund Balance - Beginning			9,908	
Fund Balance - Ending			$ 9,613	

CONTRA COSTA TRANSPORTATION AUTHORITY
MEASURE J COMMUTE ALTERNATIVES
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(In thousands)

	Budget			
	Original	**Final**	**Actual**	**Variance with Budget - Positive (Negative)**
Revenues				
Sales tax	$ 918	$ 805	$ 935	$ 130
Investment income	20	20	62	42
Federal Congestion Mitigation (CMAQ)	300	300	64	(236)
State Transportation Agency Grant	200	200	53	(147)
Contributions	-	-	13	13
Total Revenues	1,438	1,325	1,127	(198)
Expenditures				
Current expenditures:				
Programs:				
Salaries and employee benefits	46	48	47	1
Contributions to other agencies	1,172	1,192	825	367
Total Expenditures	1,218	1,240	872	368
Change in Fund Balance	$ 220	$ 85	255	$ 170
Fund Balance - Beginning			985	
Fund Balance - Ending			$ 1,240	

CONTRA COSTA TRANSPORTATION AUTHORITY
AIR QUALITY
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(In thousands)

	Budget			
	Original	**Final**	**Actual**	**Variance with Budget - Positive (Negative)**
Revenues				
Investment income	$ 25	$ 25	$ 111	$ 86
State Motor Vehicle Registration Surcharge	1,714	1,714	1,656	(58)
Total Revenues	1,739	1,739	1,767	28
Expenditures				
Current expenditures:				
Programs:				
Salaries and employee benefits	106	117	110	7
Contributions to other agencies	1,607	1,607	1,526	81
Total Expenditures	1,713	1,724	1,636	88
Change in Fund Balance	$ 26	$ 15	131	$ 116
Fund Balance - Beginning			2,047	
Fund Balance - Ending			$ 2,178	

CONTRA COSTA TRANSPORTATION AUTHORITY
GOMENTUM
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(In thousands)

	Budget			
	Original	**Final**	**Actual**	**Variance with Budget - Positive (Negative)**
Revenues				
Investment income	$ 5	$ 5	$ 14	$ 9
State Transportation Agency Grant (GMS)	945	1,872	1,845	(27)
State Motor Vehicle Registration Surcharge	-	428	410	(18)
Contributions	280	285	-	(285)
Total Revenues	1,230	2,590	2,269	(321)
Expenditures				
Current expenditures:				
Programs:				
Salaries and employee benefits	279	283	203	80
Contributions to other agencies	945	2,010	1,936	74
Total Expenditures	1,224	2,293	2,139	154
Change in Fund Balance	$ 6	$ 297	130	$ (167)
Fund Balance - Beginning			157	
Fund Balance - Ending			$ 287	

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Statistical Section

Statistical Section

This part of the Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the county's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the Authority's most significant local revenue source, sales taxes.

Debt Capacity

These schedules contain information to help the reader assess the affordability of the Authority's current levels of outstanding debt.

Economic and Demographic Information

These schedules contain demographic and economic information to help the reader understand the environment within which the Authority's financial activities take place.

Operating Information

These schedules contain operational and resource information to help the reader understand how the Authority's financial information relates to the services the Authority provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the Authority's relevant Comprehensive Annual Financial Reports.*

CONTRA COSTA TRANSPORTATION AUTHORITY
NET POSITION BY COMPONENT
LAST 10 FISCAL YEARS
(Accrual basis of accounting)
(In thousands)

	2011	2012 [b]	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net Investment in capital assets	$ 948	$ 728	$ 582	$ 482	$ 440	$ 367	$ 402	$ 328	$ 260	$ 204
Restricted for:										
Transportation projects and programs	214,208	196,826	291,500	230,932	152,107	187,528	252,914	200,636	137,143	105,249
Unrestricted deficit	(199,187)	(200,177)	(409,613)	(413,146)	(399,074)	(489,151)	(572,520)	(557,967)	(537,415)	(515,912)
TOTAL NET POSITION [a]	$ 15,969	$ (2,623)	$ (117,531)	$ (181,732)	$ (246,527)	$ (301,256)	$ (319,204)	$ (357,003)	$ (400,012)	$ (410,459)

(a) The Authority is required to exclude from its financial statements assets contributed to and maintained by other governments or organizations. The Authority has constructed a variety of capital projects consisting of streets and roads and other transportation infrastructure projects, which upon completion were "contributed" to its members, the State of California, or other governments responsible for their maintenance and care. Since those other agencies maintain the contributed capital assets, the cost of those assets has been excluded from the accompanying financial statements. This concept is followed regardless of whether infrastructure is financed with general and program revenues or long-term debt. The reporting of Authority debt without having a corresponding asset, results in a negative net position.

(b) The unrestricted deficit was restated in fiscal year ended June 30, 2012. The Authority adopted provisions of GASB Statement No. 65 and restated beginning net position in the amount of $0.913 million.

CONTRA COSTA TRANSPORTATION AUTHORITY
CHANGES IN NET POSITION
LAST 10 FISCAL YEARS
(Accrual basis of accounting)
(In thousands)

	Fiscal Year Ending June 30:									
Governmental Activities	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Expenses										
Administration	$ 1,533	$ 1,768	$ 1,789	$ 2,077	$ 2,030	$ 1,692	$ 3,615	$ 2,181	$ 1,965	$ 5,626
Project management	659	718	1,022	1,084	1,231	1,910	1,667	2,162	1,995	2,476
Programs	26,437	27,785	30,119	33,407	34,155	37,397	36,530	37,502	41,877	45,967
Transportation projects	52,468	65,403	197,337	147,827	142,860	130,525	81,077	69,539	108,989	115,606
Regional planning	1,487	661	753	1,241	1,907	2,763	984	845	948	986
Congestion management	1,426	1,674	2,096	1,704	2,240	2,643	2,267	1,726	1,551	933
Transportation demand management	1,509	1,355	996	1,188	1,235	1,424	1,396	1,501	1,522	1,636
Transportation planning land use solutions	275	134	227	317	160	199	91	140	88	53
Transportation innovation -GoMentum	-	-	-	-	-	-	-	-	1,047	2,139
Interest and related fees	8,277	8,432	10,529	16,856	15,385	15,790	17,800	20,074	18,168	18,079
Total expenses	94,071	107,930	244,868	205,701	201,203	194,343	145,427	135,670	178,150	193,501
Program Revenues										
Operating and capital grants and contributions	19,219	20,461	54,703	64,498	58,335	54,234	41,738	5,877	31,575	83,781
Net (Expense) / Revenue and Changes in Net Position	(74,852)	(87,469)	(190,165)	(141,203)	(142,868)	(140,109)	(103,689)	(129,793)	(146,575)	(109,720)
General Revenues:										
Sales taxes	65,061	68,729	74,798	75,899	79,455	83,468	85,106	90,863	96,608	93,472
Investment income	1,674	1,050	449	1,100	1,128	1,911	635	1,636	6,956	5,795
Miscellaneous	57	11	10	3	-	1	-	1	2	6
Total general revenues	66,792	69,790	75,257	77,002	80,583	85,380	85,741	92,500	103,566	99,273
Change in net position	$ (8,060)	$ (17,679)	$ (114,908)	$ (64,201)	$ (62,285)	$ (54,729)	$ (17,948)	$ (37,293)	$ (43,009)	$ (10,447)

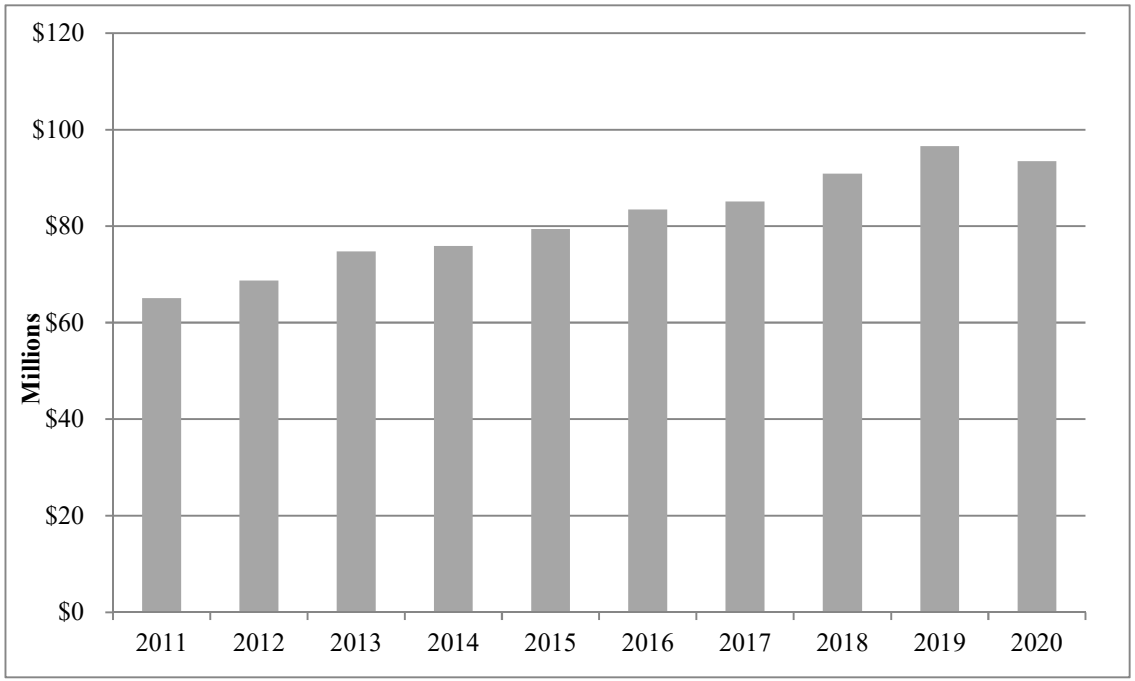
CONTRA COSTA TRANSPORTATION AUTHORITY
CHANGES IN FUND BALANCES
LAST 10 FISCAL YEARS
(Accrual basis of accounting)
(In thousands)

	Fiscal Year Ending June 30:									
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Revenues										
Sales tax	$ 65,061	$ 68,729	$ 74,798	$ 75,899	$ 79,455	$ 83,468	$ 85,106	$ 90,863	$ 96,608	$ 93,472
Investment income	1,674	1,050	449	1,100	1,128	1,911	635	1,636	6,956	5,795
Federal grants and contributions	1,406	1,049	503	4,096	2,679	2,106	3,387	1,377	1,831	1,973
State grants and contributions	898	492	827	3,670	2,189	6,090	10,986	583	5,320	56,405
Local grants and contributions	6,866	28,968	36,568	71,270	51,660	48,795	26,631	5,725	24,301	25,177
Miscellaneous revenue	57	11	10	3	-	1	-	1	2	6
Total Revenues	75,962	100,299	113,155	156,038	137,111	142,371	126,745	100,185	135,018	182,828
Expenditures										
Current expenditures:										
Administration:										
Salaries and employee benefits	484	512	506	614	2,834	666	668	629	1,864	795
Services, supplies & capital outlay	1,411	1,005	1,102	1,326	1,409	1,277	2,568	1,326	1,323	4,531
Project Management:										
Salaries and employee benefits	650	712	1,018	1,065	1,179	1,650	1,566	1,883	1,825	2,294
Services, supplies & capital outlay	9	6	5	19	52	260	102	279	169	182
Programs:										
Additional paratransit	408	416	704	767	783	948	878	953	1,130	1,256
Bus transit enhancements	2,225	2,159	2,231	2,596	2,689	2,967	2,897	2,890	3,133	3,598
Ferry service	-	-	-	-	-	-	-	-	1,240	2,489
Express bus program	2,625	2,747	2,754	3,338	3,498	3,793	3,643	3,769	3,508	4,420
Bus transit and improvement program	3,047	3,187	3,205	3,885	4,036	4,408	4,257	4,388	4,091	5,139
Safe transportation for children	2,277	2,394	2,712	3,500	3,100	4,089	3,852	3,106	4,287	3,958
Local street and maintenance	11,711	12,371	13,464	13,662	14,302	15,024	15,319	16,355	17,390	16,825
Subregional local street and maintenance	1,360	1,437	1,563	1,586	1,661	1,745	1,779	1,899	2,019	1,954
Transportation Projects:										
Highways and arterials	6,582	2,669	6,673	7,009	5,131	4,237	1,766	5,964	2,535	4,937
Transit	11,123	10,245	16,828	6,326	3,514	9,461	121	20	643	50
Capital improvement projects	34,037	49,559	170,427	122,518	114,379	101,324	62,729	43,671	87,448	95,104
Countywide capital and maintenance projects	69	235	976	3,325	5,337	6,793	7,716	14,012	10,841	5,289
Subregional projects	657	2,696	2,434	8,647	14,499	8,710	8,744	5,872	7,524	10,227
Regional Planning:										
Salaries and employee benefits	394	394	233	249	280	386	393	352	427	449
Services, supplies & capital outlay	1,093	268	519	992	1,626	2,377	591	493	521	537
Congestion Management:										
Salaries and employee benefits	1,302	1,447	1,311	1,171	1,371	912	1,019	880	1,024	397
Services, supplies & capital outlay	124	226	785	533	869	1,730	1,248	846	527	536
Transportation Planning Land Use Solutions:										
Salaries and employee benefits	33	65	87	157	91	70	73	140	88	53
Services, supplies & capital outlay	242	68	140	160	69	129	18	-	-	-
Paratransit	2,246	2,403	2,563	3,137	3,313	3,764	3,310	3,223	4,017	5,457
Carpool/Commute alternatives	538	671	923	937	773	659	594	920	1,062	872
Transportation Demand Management (Air Quality)	1,509	1,355	996	1,189	1,236	1,424	1,395	1,501	1,522	1,636
Transportation innovation - GoMentum	-	-	-	-	-	-	-	-	1,047	2,139
Debt service:										
Bond principal	-	-	-	11,860	12,095	12,460	15,305	15,225	16,350	18,620
Note principal	200,000	-	200,990	-	-	-	-	-	-	-
Interest and related fees	8,242	8,386	9,319	16,038	15,810	15,183	18,893	21,794	20,852	21,569
Issuance costs	994	-	1,457	-	-	975	381	73	14,003	-
Total Expenditures	295,392	107,633	445,925	216,606	215,936	207,421	161,825	152,463	212,410	215,313
Excess (Deficiency) of Revenues Over (Under) Expenditures	(219,430)	(7,334)	(332,770)	(60,568)	(78,825)	(65,050)	(35,080)	(52,278)	(77,392)	(32,485)
Other Financing Sources (Uses)										
Bond proceeds	200,990	-	390,220	-	-	166,640	83,570	-	195,030	-
Premium	-	-	37,224	-	-	32,066	16,896	-	20,319	-
Payment to refunded bond escrow agent	-	-	-	-	-	(98,235)	-	-	(201,450)	-
Swap termination	-	-	-	-	-	-	-	-	-	-
Transfer in	113,259	36,361	142,605	91,861	108,152	105,214	74,885	78,111	79,581	55,705
Transfer out	(113,259)	(36,361)	(142,605)	(91,861)	(108,152)	(105,214)	(74,885)	(78,111)	(79,581)	(55,705)
Total Other Financing Sources (Uses)	200,990	-	427,444	-	-	100,471	100,466	-	13,899	-
Net Change in Fund Balances	(18,440)	(7,334)	94,674	(60,568)	(78,825)	35,421	65,386	(52,278)	(63,493)	(32,485)
Fund Balances - Beginning	222,600	204,160	196,826	291,500	230,932	152,107	187,528	252,914	200,636	137,143
Fund Balances - Ending	$ 204,160	$ 196,826	$ 291,500	$ 230,932	$ 152,107	$ 187,528	$ 252,914	$ 200,636	$ 137,143	$ 104,658
Debt Service as a Percentage of Noncapital Expenditures	70.65%	7.80%	47.16%	12.88%	12.93%	13.33%	21.15%	24.28%	17.52%	18.67%

CONTRA COSTA TRANSPORTATION AUTHORITY
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST 10 FISCAL YEARS
(Modified accrual basis of accounting)
(In thousands)

	Fiscal Year Ending June 30:									
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
General Fund										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2	$ 3
Restricted	40,025	55,501	61,275	70,736	72,338	95,816	107,053	102,870	85,387	75,237
All Other Governemental Funds										
Restricted	164,135	141,325	230,225	160,196	79,769	91,712	145,861	97,766	51,754	29,429
Total Governemental Funds										
Restricted	$ 204,160	$ 196,826	$ 291,500	$ 230,932	$ 152,107	$ 187,528	$ 252,914	$ 200,636	$ 137,143	$ 104,669

CONTRA COSTA TRANSPORTATION AUTHORITY
SALES TAX REVENUES
LAST 10 FISCAL YEARS



Fiscal Year Ended June 30:	Authority Sales Tax Rate	Sales Tax	Annual Growth	Taxable Sales (A)
2011	0.5%	$65,060,205	5.74%	$12,799,857,000
2012	0.5%	$68,728,259	5.64%	$13,997,249,000
2013	0.5%	$74,797,783	8.83%	$14,471,988,000
2014	0.5%	$75,898,529	1.47%	$15,030,047,000
2015	0.5%	$79,454,678	4.69%	$15,670,053,000
2016	0.5%	$83,467,877	5.05%	$15,924,591,516
2017	0.5%	$85,106,100	1.96%	$16,558,840,255
2018	0.5%	$90,862,632	6.76%	$17,607,890,223
2019	0.5%	$96,608,409	6.32%	$18,080,745,538
2020	0.5%	$93,472,111	-3.25%	Not Available

(A) Source: California Department of Tax and Fee Administration (CDTFA). The CDTFA data is based on calendar year through 2019.

CONTRA COSTA TRANSPORTATION AUTHORITY
TAXABLE SALES BY TYPE OF BUSINESS
CALENDAR YEAR 2019 & 2016
(In Thousands)

Type of Business	2019	2016	$ Difference	% Difference
Apparel Stores	$ 891,274	$ 755,036	$ 136,238	18.0%
General Merchandise	2,460,270	2,013,152	447,118	22.2%
Food Stores	611,920	590,236	21,684	3.7%
Eating and Drinking Places	1,971,696	1,741,220	230,476	13.2%
Building Materials	1,571,826	1,356,166	215,660	15.9%
Auto Dealers and Supplies	3,471,322	3,254,764	216,558	6.7%
Service Stations	1,665,158	1,271,640	393,518	30.9%
Other Retail Stores	2,798,628	2,576,160	222,468	8.6%
Total Retail and Food Services	15,442,094	13,558,374	1,883,720	13.9%
All Other Outlets	3,871,966	3,484,232	387,734	11.1%
Total All Outlets	**$ 19,314,060**	**$ 17,042,606**	**$ 2,271,454**	**13.3%**

Source: State Board of Equalization, California Department of Tax and Fee Administration, The HdL Companies *(most recent available)*
Data is based on the applicable taxable sales approved for the Measure J Sales Tax Measure.

CONTRA COSTA TRANSPORTATION AUTHORITY
OUTSTANDING DEBT BY TYPE
LAST 10 FISCAL YEARS
(In thousands)

	Debt Service (a)			Outstanding Debt					
Fiscal Year Ended June 30:	Principal	Interest	Total	Sales Tax Bonds	Sales Tax Revenue Notes	Commercial Paper	Total Debt	Outstanding Debt per Capita	Percentage of Personal Income
2011	200,000	8,242	208,242	200,990	-	-	$ 200,990	$ 0.19	0.33%
2012	-	8,386	8,386	200,990	-	-	200,990	0.19	0.30%
2013	200,990	9,319	210,309	427,197	-	-	427,197	0.40	0.63%
2014	11,860	16,038	27,898	412,428	-	-	412,428	0.38	0.58%
2015	12,095	15,810	27,905	397,424	-	-	397,424	0.36	0.51%
2016	12,460	15,183	27,643	480,145	-	-	480,145	0.43	0.58%
2017	15,305	18,893	34,198	561,485	-	-	561,485	0.49	0.64%
2018	15,225	21,794	37,019	542,118	-	-	542,118	0.47	0.57%
2019	16,350	20,852	37,202	534,974	-	-	542,118	0.47	0.55%
2020 (a)	18,620	21,569	40,189	511,105	-	-	511,105	0.44	0.51%

(a) Details regarding the Authority's outstanding debt can be found in Note 6 of this report.

CONTRA COSTA TRANSPORTATION AUTHORITY
DEMOGRAPHICS AND ECONOMIC STATISTICS
CALENDAR YEAR 2011-2020

Year	Population (a)	Personal Income (b) (In thousands)	Per Capita Personal Income (b)	Outstanding Debt per Capita	Labor Force (c)	Employment (c)	Unemployment (c)	Unemployment Rate (c)
2011	1,056,306	61,481,909	58,205	0.19	528,900	473,900	55,000	10.4%
2012	1,066,597	66,733,882	62,567	0.19	535,800	487,600	48,200	9.0%
2013	1,076,429	67,315,559	62,536	0.40	538,200	499,000	39,200	7.3%
2014	1,087,008	71,152,275	65,457	0.38	539,000	506,500	32,500	6.0%
2015	1,102,871	77,877,241	70,613	0.36	546,200	517,400	28,800	5.3%
2016	1,123,429	82,426,924	73,371	0.43	554,000	527,000	27,000	4.9%
2017	1,139,513	88,024,256	77,247	0.49	555,400	532,400	23,000	4.1%
2018	1,149,363	94,900,003	82,567	0.47	561,900	542,200	19,700	3.5%
2019	1,155,879	98,778,343	85,457	0.47	564,600	546,800	17,800	3.2%
2020	1,153,561	101,044,759 *	87,594	0.44	546,900	473,500	73,400	13.4%

* Estimated growth based on population and CPI

(a) Source: State of California Department of Finance

(b) Source: Bureau of Economic Analysis

(c) Source: State of California Employment Development Department

CONTRA COSTA TRANSPORTATION AUTHORITY
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	2020			2011		
Employer	**Employees**	**Rank**	**Percent of Total County Employment**	**Employees**	**Rank**	**Percent of Total County Employment**
Chevron Corp	10,000+	1	2.11%	5,000-9,999	1	1.48%
John Muir Medical	5,000-9,999	2	1.58%	1,000-4,999	3	0.74%
Kaiser Permanente	5,000-9,999	3	1.58%	1,000-4,999	2	1.06%
BART	1,000-4,999	4	0.95%	1,000-4,999	4	0.63%
Bio-Rad Laboratories Inc.	1,000-4,999	5	0.69%	1,000-4,999	6	0.23%
Chevron Global Downstream LLC	1,000-4,999	6	0.69%			
Contra-Costa Regional Medical Center	1,000-4,999	7	0.63%			
USS Posco Industries	1,000-4,999	8	0.63%	1,000-4,999	10	0.21%
Chevron Richmond Refinery	1,000-4,999	9	0.63%			
St Mary's College	1,000-4,999	10	0.53%			
AT&T				1,000-4,999	5	0.65%
Kaiser Foundation Hospital				1,000-4,999	7	0.49%
24 Hour Fitness				1,000-4,999	8	0.21%
Bay Alarm				1,000-4,999	9	0.21%
All Others	337,600		71.30%	394,700		83.29%
Total	473,500		81.33%	473,900		89.20%

Source: State of California Employment Development Department

CONTRA COSTA TRANSPORTATION AUTHORITY
AUTHORITY EMPLOYEES BY FUNCTION
LAST 10 FISCAL YEARS

	Full-time Equivalent Employees									
Functions/Programs	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Governmental Activities:										
Administration	3.28	3.35	3.37	3.80	3.59	3.70	3.74	2.97	2.80	3.54
Project management	4.69	4.95	7.02	6.89	6.74	8.37	8.69	9.04	8.74	11.01
Programs	0.50	0.38	0.49	0.54	0.69	0.83	0.94	0.92	1.13	0.98
Regional planning	2.70	2.35	1.54	1.48	1.53	1.52	1.26	1.66	1.91	1.98
Congestion management	7.09	7.13	6.50	5.85	6.46	4.65	4.70	4.29	4.58	1.76
Transportation demand management	0.57	0.49	0.62	0.58	0.53	0.52	0.33	0.46	0.45	0.49
Transportation planning land use solutions	0.17	0.35	0.46	0.86	0.46	0.41	0.34	0.66	0.39	0.24
Total	19.00	19.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00

Source: Authority's Finance Department

CONTRA COSTA TRANSPORTATION AUTHORITY
OPERATING INDICATORS BY FUNCTION / PROGRAM
LAST 10 FISCAL YEARS

Functions/Programs	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government:										
Accounts Payable Invoices Processed	1,628	1,555	1,646	2,050	2,171	2,127	1,791	1,791	1,644	1,774
Number of Payments Processed (a)	1,179	1,129	1,219	1,466	1,605	1,645	1,517	2,184	2,109	2,133
Number of Contracts Processed	67	92	99	95	99	83	104	105	144	131
Purchase Orders Issued	90	97	118	115	100	101	98	94	97	99
Number of Journals Processed	1,611	1,783	1,533	1,454	1,399	1,528	1,333	1,183	1,056	979
Number of Receipts Processed	84	89	88	103	89	94	77	63	70	83
Total	4,659	4,745	4,703	5,283	5,463	5,578	4,920	5,420	5,120	5,199

Source: Authority's Finance Department

CONTRA COSTA TRANSPORTATION AUTHORITY
CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM
LAST 10 FISCAL YEARS

Functions/Programs (a)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government:										
Leashold Improvements	1	1	1	1	1	1	1	1	1	1
Financial System	1	1	1	1	1	1	1	1	1	1
Total	2	2	2	2	2	2	2	2	2	2

Source: Authority's Finance Department

(a) The Authority was established with the passage of Contra Costa's Measure C in November 1988, which was a 20-year, one-half of one percent (½%) sales tax for specified transportation purposes. In 2004, based upon the success of Measure C, the voters of Contra Costa passed Measure J which extended the one-half of one percent countywide transportation sales tax through 2034. As required under the Local Transportation Authority and Improvement Act (SB 142, Chapter 786, Statues of 1987: §180000 et seq. of the Public Utilities Code), the expenditures by Measure C and Measure J are "for the construction and improvement of state highways, the construction maintenance, improvement, and operation of local streets, roads, and highways, and the construction, improvement, and operation of public transit systems," including paratransit services (California Public Utilities Code §180205) and for specific efforts supporting such investments. The main difference for the Authority, as compared to other government entities, is that all capital expenditures are paid for on behalf of the local jurisdictions; therefore, no corresponding asset exists on the Authority's ledger for transportation infrastructure assets. The only assets held by the Authority is related to the administration of the Authority.

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