



CONTRA COSTA  
**transportation  
authority**

# Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2019



**Contra Costa Transportation Authority**  
**2999 Oak Road, Suite 100 Walnut Creek, CA 94597**



**CONTRA COSTA TRANSPORTATION AUTHORITY**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2019**

*Table of Contents*

***Introductory Section***

Letter of Transmittal .....	i
Certificate of Achievement – GFOA .....	vii
Board Members .....	viii
Authority Organizational Chart .....	ix

***Financial Section***

Independent Auditor’s Report .....	1
Management’s Discussion and Analysis.....	3

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Position .....	18
Statement of Activities .....	19

Fund Financial Statements:

Governmental Funds:

Balance Sheet .....	22
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position ....	23
Statement of Revenues, Expenditures and Changes in Fund Balances .....	24
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	25

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:

Measure J General Fund .....	26
Measure J Local Streets and Roads Special Revenue Fund .....	27
Measure C Special Revenue Fund .....	28

Notes to Basic Financial Statements .....	29
---	----

Required Supplementary Information:

Schedule of Proportionate Share of the Net Pension Liability and Related Ratios .....	59
Schedule of Contributions – Pension Plan .....	60
Schedule of Changes in Net OPEB Liability and Related Ratios .....	61
Schedule of Contributions – OPEB Plan .....	62

Individual and Combining Financial Statements and Schedules:

Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:

Measure J Debt Service Funds .....	63
------------------------------------	----

Combining Financial Statements – Other Governmental Funds:

Combining Balance Sheet .....	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	65
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual .....	66

**CONTRA COSTA TRANSPORTATION AUTHORITY**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2019**

*Table of Contents (continued)*

*Statistical Section (Unaudited)*

Financial Trends:	
Net Position by Component .....	72
Changes in Net Position .....	73
Changes in Fund Balances .....	74
Fund Balances of Governmental Funds .....	75
Revenue Capacity:	
Sales Tax Revenues .....	76
Taxable Sales by Type of Business .....	77
Debt Capacity:	
Outstanding Debt by Type .....	78
Economic and Demographic Information:	
Demographics and Economic Statistics .....	79
Principal Employers .....	80
Operating Information:	
Authority Employees by Function .....	81
Operating Indicators by Function / Program .....	82
Capital Asset Statistics by Function / Program .....	83

# *Introductory Section*





CONTRA COSTA  
transportation  
authority

---

COMMISSIONERS

Federal Glover, Chair

November 25, 2019

Robert Taylor,  
Vice Chair

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

Janet Abelson

The Comprehensive Annual Financial Report for the Contra Costa Transportation Authority (the Authority) for the year ended June 30, 2019 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.

Newell Arnerich

Tom Butt

Loella Haskew

David Hudson

Karen Mitchoff

The Authority was established in 1988 when Contra Costa 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 passed Measure J which extended the one-half of one percent countywide transportation sales tax through 2034.

Julie Pierce

Kevin Romick

Dave Trotter

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, 2019, 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.

Randell H. Iwasaki,  
Executive Director

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.

2999 Oak Road  
Suite 100  
Walnut Creek  
CA 94597  
PHONE: 925.256.4700  
FAX: 925.256.4701  
www.ccta.net

## **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's Measure C in November 1988. As required under the Local Transportation Authority and Improvement Act (SB 142, Chapter 786, Statutes 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 (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.

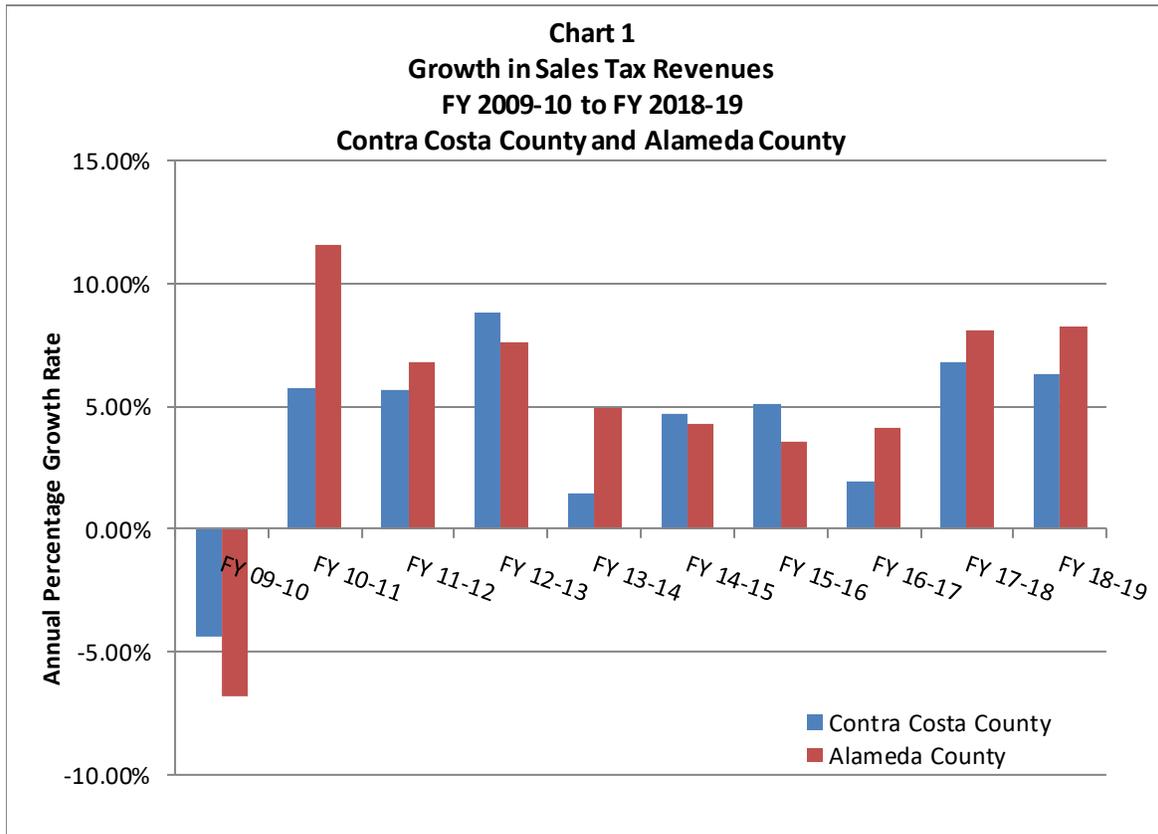
The Authority Board is comprised of eleven members: eight elected officials appointed by each of the four sub-regional transportation committees from central, east, southwest, and west parts of the County; two elected County officials appointed by the Board of Supervisors representing the County; and 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 has continued to show growth in 2018-19 and entered its 11<sup>th</sup> year of economic expansion since 2009. Fiscal year 2019 sales tax revenue reached an all-time high of \$96.6 million an increase of 6.3% over the prior fiscal year. The cumulative growth in sales tax revenue since 2010 is of 57%. The fastest growing submarkets with the most activity are those where the most populous cities and large residential communities are located. However, certain economic factors such as decreasing interest rates, the focus on the yield curve and the threat of a trade war has created some market volatility. These economic concerns could have a direct effect on sales tax revenue in 2019-20. Lower interest and inflation rates could flatten growth as overall discretionary spending would impact building and construction, new auto sales, consumer goods and restaurants. Indeed, taxable sales growth has been growing throughout Contra Costa County's cities with the increased job strength and increased wages. Jobs are being added to industries that serve the local economy, such as Education/Health Services, Hospitality and Professional/Business Services. However, Retail Trade jobs are trending down as they lose market share to the online retailers. The local unemployment rate was 3.2% as of June 2019 and has trended down to 2.6% in September. Home prices and sales improved with the decreasing of interest rates; meanwhile, rents have continued to rise. Residential construction has declined compared to last year's level making an already chronic situation even worse. Jobs and housing balance is something the county will continue to face as this problem has never been greater. The economic outlook is tempered by state, national, and international economic issues that could reverse or stall some of the gains we have seen.

## ECONOMIC BASE FOR SALES TAX REVENUES

The economic base in Contra Costa 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.



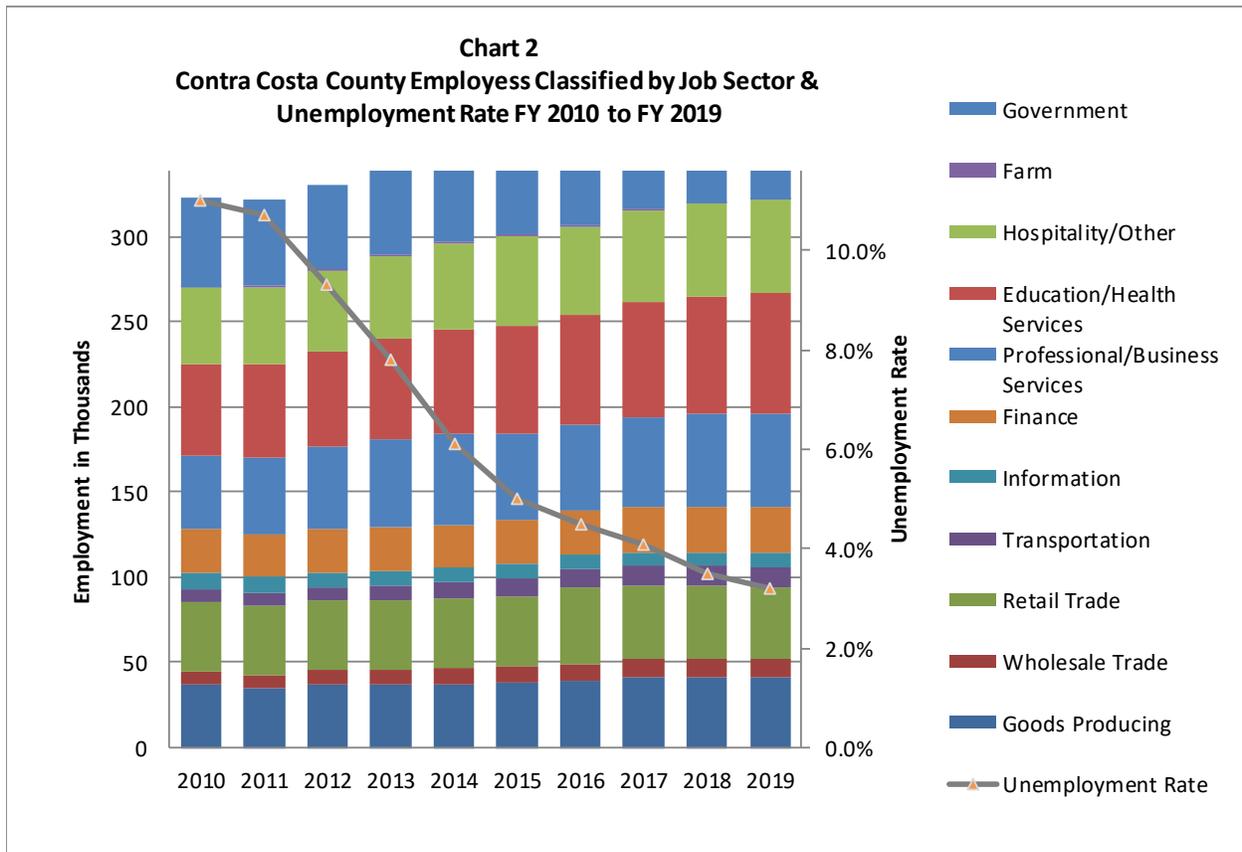
*Source: Authority audited financial statements and State Board of Equalization*

## COMPONENTS OF TAXABLE TRANSACTIONS

For fiscal year 2019, Contra Costa County sales tax increased 6.3% over fiscal year 2018; whereas, Alameda County sales tax for 2019 increased 8.2% over 2018. The leading industry groups of total taxable transactions for Contra Costa County are General Consumer Goods (27%), Autos and Transportation (21%), Business and Industry (15%), Restaurants and Hotels (11%), Building and Construction (10%), Fuel and Service Stations (9%) and Food and Drug (7%).

**EMPLOYMENT**

Chart 2 shows the employment diversity in Contra Costa County as of March 2018 (most recent data available). The annual average of unemployment declined in the county from 11% in 2010 to 3.2% in June of 2019. The region added 2,700 jobs in compared to the prior year. The sectors with improvements are education/health services (1,300), hospitality/other (1,100), professional/business services (800), goods producing (700), government (500), transportation (200) and a reduction in wholesale trade (800), retail trade (400), finance (400), information (200) and farm (100). With the U.S. unemployment rate at a 50-year low and wage growth accelerating and the regional employment news suggests growth in professional, scientific, technical service and the goods producing industries in 2019-2020.



*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 2019 and currently maintains a \$3.2 million reserve as a contingency.

The last Measure J Strategic Plan update was approved by the Authority Board in March 2016. Improved economic conditions over the past three years combined with 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 2016 Strategic Plan makes commitments of Measure J funding for specific projects through June 30, 2021. Sales tax revenues are now estimated to total \$2.72 billion over the 25-year life of Measure J, an increase of about \$10 million compared to the 2013 Strategic Plan update.

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 Richmond, Hercules, 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 of 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, 2018. In order 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 eighth year the Authority has prepared the comprehensive annual financial report, made possible by the dedication of the finance staff, Sherri Sylva, Cindy Walker-Sayles 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 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, 2018**

*Christopher P. Morill*

Executive Director/CEO

# CONTRA COSTA TRANSPORTATION AUTHORITY

## BOARD MEMBERS (As of June 30, 2019)

<b>Commissioners</b>	<b>Names</b>	<b>Appointed By</b>
Board Chair	Robert Taylor	TRANSPLAN
Board Vice Chair	Julie Pierce	TRANSPAC
Commissioner	Tom Butt	WCCTAC
Commissioner	Teresa Gerringer	SWAT
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	Janet Abelson	WCCTAC
Commissioner	Newell Arnerich	Conference of Mayors
<b>Alternate Commissioners</b>	<b>Names</b>	<b>Appointed By</b>
Commissioner – 1 <sup>st</sup>	Candace Andersen	Board of Supervisors
Commissioner – 2 <sup>nd</sup>	John Gioia	Board of Supervisors
Commissioner – 3 <sup>rd</sup>	Diane Burgis	Board of Supervisors
Commissioner	Dave Hudson	Conference of Mayors
Commissioner	Juan Banales	TRANSPLAN
Commissioner	Sean Wright	TRANSPLAN
Commissioner – 1 <sup>st</sup>	Carlyn Obringer	TRANSPAC
Commissioner- 2 <sup>nd</sup>	Susan Noack	TRANSPAC
Commissioner	Renata Sos	SWAT
Commissioner (Hudson)	Renee Morgan	SWAT
Commissioner	Roy Swearingen	WCCTAC
<b>Ex-Officios</b>	<b>Names</b>	<b>Appointed By</b>
Representative	Amy Worth	MTC
Representative	Debora Allen	BART
	Alt. Mark Foley	BART
Representative	Monica Wilson	Tri Delta Transit
	Alt. Chris Kelley	WestCAT





This Page Intentionally Left Blank.



## 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, 2019, 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, 2019, 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 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 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 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 November 25, 2019 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  
November 25, 2019

**CONTRA COSTA TRANSPORTATION AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2019**

Contra Costa Transportation Authority's ("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 fiscal year ended June 30, 2019. The MD&A should be read in conjunction with the Basic Financial Statements.

**SUMMARY OF FINANCIAL HIGHLIGHTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

- ❖ 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 \$400.012 million as of June 30, 2019. 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 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 or funded by long-term debt. Other agencies, such as Caltrans, BART, Contra Costa County, or the cities within Contra Costa, typically hold title to the transportation assets built or improved by Measure C and Measure J financing. As of June 30, 2019, Measure C and Measure J had spent \$1.715 billion on transportation infrastructure improvements within Contra Costa, on assets that are owned by and shown on the financial statements of other public agencies. An additional \$634.474 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 \$195.496 million, consisting primarily of cash and investments amounting to \$174.137 million, receivables due from others amounting to \$21.032 million, prepaid amounting to \$2 thousand, net other postemployment benefits (OPEB) asset amounting to \$65 thousand (see Note 8) and capital assets (net of depreciation) amounting to \$260 thousand. Total assets decreased by \$51.808 million from the prior year, due to the 2017A bonds proceeds having been used to finance a portion of the construction costs associated with certain transportation projects authorized by the Measure J expenditure plan.
- ❖ Liabilities totaled \$617.793 million, consisting of accounts payable, accrued employee benefits, derivative instrument, and long term debt. Liabilities decreased by \$2.194 million. Long term debt decreased \$7.144 million due to the payment of debt and amortization of the Sales Tax Revenue Bonds, a decrease of \$6.492 million on the swap liability of \$24.112 million, an increase of \$11.220 million in accounts payable compared to the prior year, a decrease of \$103 thousand in net pension liability, an increase of \$400 thousand in deposits payable and a net decrease of \$56 thousand in accrued employee benefits payable.
- ❖ Sales tax revenues of \$96.608 million were earned for the fiscal year ended June 30, 2019, an increase of \$5.745 million (6.3%) from the prior year as the economy continues to improve. New auto sales, retail, and restaurant sectors saw improvement over the prior year as consumer confidence continues. Sales tax revenue accounted for 71.5%, program revenues accounted for 23.4%, and investment income accounted for 5.1%, of revenues earned by the Authority.

**CONTRA COSTA TRANSPORTATION AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2019**

- ❖ Total expenses including interest on long-term debt were \$178.150 million, which represents an increase of \$42.480 million from the prior year. In the fiscal year ended June 30, 2019, expenses on Programs and Projects amounted to \$41.877 million and \$108.989 million, respectively. Capital construction expenditures can fluctuate based on the phase and number of capital projects being constructed annually and increased \$39.450 million. The major construction projects in the fiscal year are State Route 4 Balfour Rd. interchange, \$16.472 million, the I-680/State Route 4 Interchange Improvements, \$31.256 million and the I-680 Carpool Lane Completion/Express Lanes, \$28.796 million.
  
- ❖ The Authority's net position decreased \$43.009 million during the fiscal year ended June 30, 2019. The changes are due to completing project milestones and the Authority not maintaining those assets as mentioned above.

**BACKGROUND AND SUPPORTING INFORMATION**

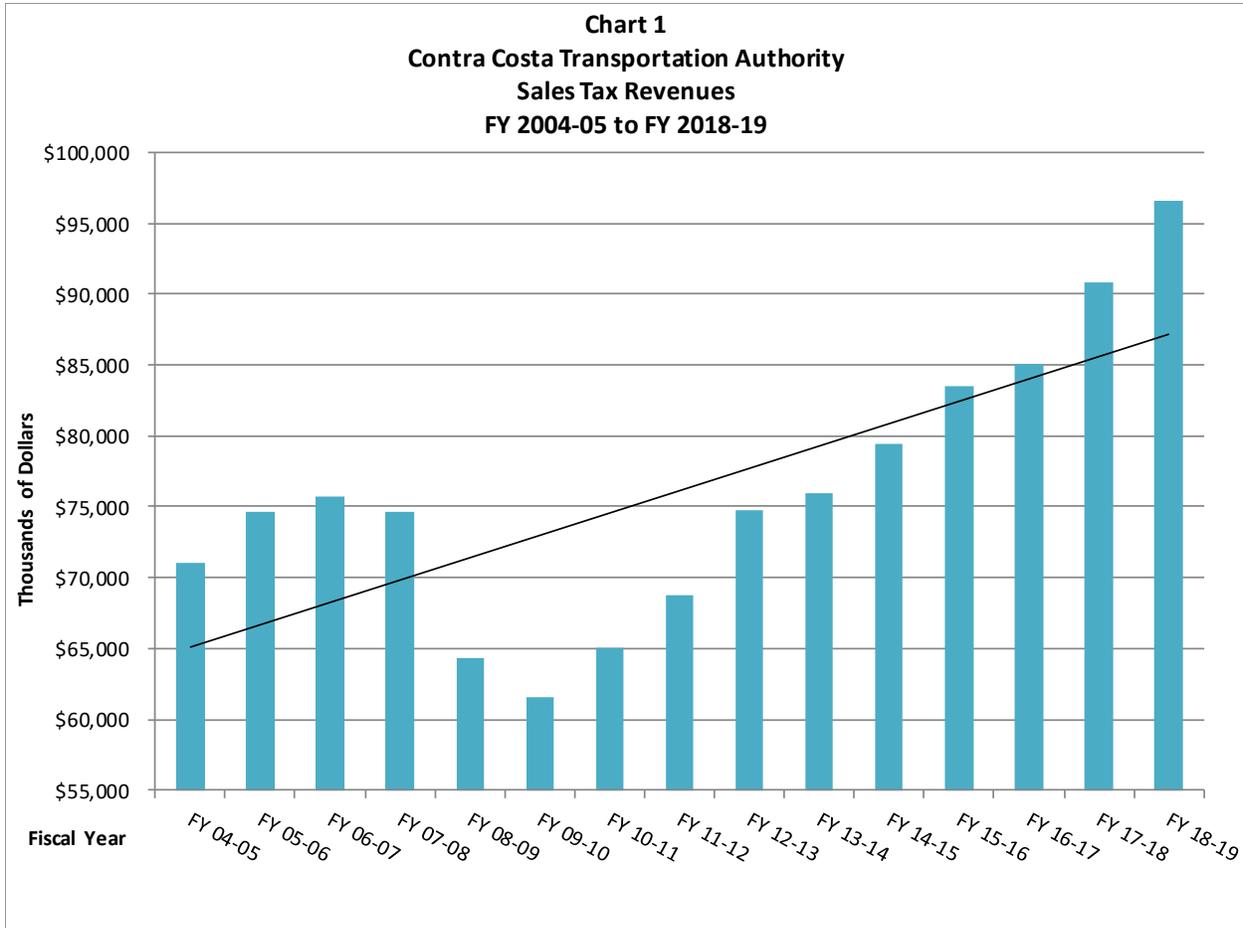
**Organization.** The Authority is a government special district established under Division 19 of the California Public Utilities Code Section 180000 et seq., pursuant to Contra Costa Ordinance 88-01 (as amended by Ordinance 06-02). The Authority became effective in its current role following a ballot 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 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 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 fiscal year ended June 30, 2019 were \$96.608 million, which represents 71.5% of all of the revenues received by the Authority. This is an increase of \$5.745 million or 6.3% from the sales tax revenues received in Fiscal Year 2017-18. Revenue continues to see improvement in four major sectors: the first was autos and transportation (4.8%), the second was fuel and service stations (3.1%), the third was restaurants (2.4%) and the fourth was general consumer goods (2.1%). Many other business types continue to see ample growth; moreover, online sales trends have been accelerated by the growing popularity of smart phones. Retailers are responding by increasing their investment in mobile shopping platforms and delivery systems.

**CONTRA COSTA TRANSPORTATION AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2019**

Chart 1 shows the annual sales tax revenues received from Fiscal Year 2004-05 through Fiscal Year 2018-19.



Source: Authority audited financial statements

The county economy in the last fiscal year 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 trade war and tariffs have indeed been a challenge for groups and businesses directly impacted by them. The Federal government has been easing interest rates to cushion the effects of the trade war and the slowing of GDP. There appears to be an increasing level of uncertainty tied to the rising fuel prices and general goods that will cause consumers to prioritize their spending on taxable merchandise. The job market continues to improve as the county remains one of the bright spots in the State of California. Sales tax revenues continue at all-time highs. Since 2010, sales tax revenues have a cumulative growth of 57.02% or 5.16% compounded annually.

**CONTRA COSTA TRANSPORTATION AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2019**

**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. Combining Statements for Non-major Governmental Funds

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

*Authority-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 fund projects on behalf of Contra Costa residents and taxpayers to construct 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 financial statements.

**CONTRA COSTA TRANSPORTATION AUTHORITY**  
**Management’s Discussion and Analysis**  
**For the Year Ended June 30, 2019**

**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 Accounting Financial Statements
Scope	Entire Authority	Activities of the Authority that are not proprietary or fiduciary
Required Statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul> <p style="text-align: center;">(government-wide)</p>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> <li>• Budgetary Comparison Schedule</li> </ul> <p style="text-align: center;">(for each individual fund)</p>
Basis of Accounting, Measurement Focus	<ul style="list-style-type: none"> <li>• Full accrual accounting,</li> <li>• Economic resources focus</li> </ul>	<ul style="list-style-type: none"> <li>• Modified accrual accounting,</li> <li>• Focus on current financial resources</li> </ul>

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 fiscal years ended June 30, 2019 and June 30, 2018.

**CONTRA COSTA TRANSPORTATION AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2019**

**Table 2**  
**Statement of Net Position**  
(In Thousands)  
Governmental Activities  
For the Fiscal Year Ended:

	June 30, 2019	June 30, 2018
<b>ASSETS</b>		
Cash and Investments	\$ 145,497	\$ 157,969
Restricted cash and investments	28,640	72,259
Receivables	21,032	16,748
Prepaid	2	-
Net OPEB asset	65	-
Capital assets	260	328
Total assets	195,496	247,304
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to pensions	2,403	1,612
Deferred outflows of resources related to OPEB	325	292
Deferred outflows of resources on refunding of debt	36,636	39,120
Total deferred outflows of resources	39,364	41,024
 <b>LIABILITIES</b>		
Long-term debt	534,974	542,118
Other liabilities	82,819	77,869
Total liabilities	617,793	619,987
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to refunding of debt	10,173	2,166
Accumulated increase in fair value of hedging derivatives	6,184	22,177
Deferred inflows of resources related to pensions	612	900
Deferred inflows of resources related to OPEB	110	101
Total deferred inflows of resources	17,079	25,344
 <b>NET POSITION (DEFICIT)</b>		
Investment in capital assets	260	328
Restricted for:		
Transportation projects and programs	137,143	200,636
Unrestricted deficit	(537,415)	(557,967)
TOTAL NET POSITION (DEFICIT)	\$ (400,012)	\$ (357,003)

**Cash and Investments** at June 30, 2019 consists of investments in the State Local Agency Investment Fund of \$23.106 million, U.S. Treasury Notes of \$102.591 million, Federal Agency securities of \$13.811 million, Corporate Notes of \$19.493 million, Money Market Mutual Funds of \$15.065 million, and cash in the bank of \$71 thousand. The Authority is required to put collateral funds in escrow when the fair value of swap value exceeds a negative \$40.000 million. On June 30, 2019, the swap value was \$24.112 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.)

**CONTRA COSTA TRANSPORTATION AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2019**

**Receivables** at June 30, 2019 consists of sales tax \$15.733 million, interest \$826 thousand and intergovernmental \$4.473 million. Intergovernmental receivables increased by \$3.120 million. The increase is not a result of a loss in funding, but the result of the timing associated with the I-80 San Pablo Dam Road Interchange and the I-680 Carpool Lane Completion / Express Lanes capital highway projects partially funded by federal, state and local grant funds.

**Other assets** at June 30, 2019, includes the reported net OPEB asset as of the measurement date of June 30, 2018 was \$65 thousand. (For additional information please see Note 8).

**Capital Assets** at June 30, 2019, was \$260 thousand. This includes \$415 thousand in office leasehold improvements, \$345 thousand in office equipment (including computers), \$217 thousand in furniture, and \$457 thousand for the financial system, minus accumulated depreciation of \$234 thousand for leasehold improvements, \$322 thousand for office equipment, \$213 thousand for furniture, and \$405 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 \$39.364 million. The deferred outflow of resources related to pensions as of the measurement date was \$2.403 million. (For additional information please see Note 7). The deferred outflow of resources related to OPEB as of the measurement date was \$325 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 \$36.636 million. (For additional information please see Note 6).

**Long-term debt** at June 30, 2019, the Authority reported \$534.974 million for the Sales Tax Bonds used to finance transportation projects. (For additional information please see Note 6).

**Other liabilities** totaled \$82.819 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, 2019 at \$24.112 million, which decreased from the prior year by \$6.492 million. (For additional information please see Note 6). The reported net pension liability as of the measurement date of June 30, 2018 was \$1.044 million. (For additional information please see Note 7).

**Deferred Inflows of Resources.** The deferred inflow of resources on the refunding of the 2010 Sales Tax Revenue Bonds related to fair value of hedging derivative was \$6.184 million. (For additional information please see Note 6). The deferred inflow of resources on the refunding of the 2012B and 2018A Sales Tax Revenue Bonds and the annual amortization was \$10.173 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, 2018 was \$612 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, 2018 was \$110 thousand. (For additional information please see Note 8).

The **Statement of Activities** presents information showing how the Authority's net position has changed during the fiscal year. The Authority-wide financial statements give a report on the main functions of the Authority. The statement shows that these functions are principally supported by sales tax revenues, discussed in detail in a prior section of the MD&A.

Expenses are categorized by the main Authority functions. These functions primarily include transportation projects, programs, and debt service. 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, or the change in net position of governmental activities, for the fiscal years ended June 30, 2019 and June 30, 2018.

**CONTRA COSTA TRANSPORTATION AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2019**

**Table 3**  
**Statement of Activities**  
(In Thousands)  
Governmental Activities

	For the Fiscal Year Ended:	
	June 30, 2019	June 30, 2018
Revenues		
General revenues		
Sales taxes	\$ 96,608	\$ 90,863
Other general revenues	6,958	1,637
Program revenues		
Operating grants and contributions	5,080	3,207
Capital grants	26,495	2,670
Total revenues	135,141	98,377
Expenses		
Administration	1,965	2,181
Project management	1,995	2,162
Programs	41,877	37,502
Transportation projects	108,989	69,539
Regional planning	948	845
Congestion management	1,551	1,726
Transportation demand management	1,522	1,501
Transportation planning land use solutions	88	140
Transportation innovation - GoMentum	1,047	-
Debt service interest and related fees	18,168	20,074
Total expenses	178,150	135,670
Change in Net Position	(43,009)	(37,293)
Net position-beginning, as previously reported (deficit)	(357,003)	(319,204)
Change in accounting principles	-	(506)
Net position- beginning, as restated (deficit)	(357,003)	(319,710)
Total net position (deficit)	\$ (400,012)	\$ (357,003)

The **Statement of Activities** provides 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.

**Sales tax revenues** are the largest revenue source amounting to \$96.608 million, up 6.3% from \$90.863 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 71.6% of all Authority revenues for the year ended June 30, 2019. Investment earnings and other miscellaneous revenues are also general revenues.

**Investment income** was \$6.956 million for the year ended June 30, 2019, which was a \$5.320 million or 325.2% increase from the year ended June 30, 2018. Due to higher investment balances and the Authority's investments included an unrealized gain of \$3.2 million 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 \$174.137 million of cash and investments include \$28.640 million of bond proceeds and principal and interest for Measure J projects and debt service. The bond proceeds fund construction and construction related expenditures for project delivery. Authority's investment portfolio included \$106.049 million of individual securities, such as U.S. Treasury Notes, Federal Agency Securities and other securities permitted by State law and the Authority's

**CONTRA COSTA TRANSPORTATION AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2019**

adopted Investment Policy. The investment portfolio yield to maturity at June 30, 2019 was 1.84%, exceeding the benchmark (Bank of America/Merrill Lynch 1 to 3 Year U.S. Treasury Index) measure of 1.80%. This portfolio is actively managed by Public Trust Advisors, the Authority's independent investment advisor.

**Program revenues** represent \$31.575 million or about 23.4% of total revenues, and increased \$25.698 million from last year. Capital grant revenues totaled \$26.495 million, which included reimbursement from Regional Measure 2 (RM2) for \$2.309 million, Bay Area Toll Authority (BATA) for \$9.378 million, East Contra Costa Regional Fee & Financing Authority (ECCRFFA) for \$8.750 million, State Transportation Improvement Program (STIP) for \$2.955 million, Contributions from local agencies for \$1.365 million and Federal Funds for \$541 thousand. The major active capital projects are I-680/State Route 4 Interchange Improvements, SR4 Balfour Road Interchange, I-80/San Pablo Dam Road Interchange and the I-680 Carpool Lane Completion/Express Lanes. Many of these 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.

**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 \$1.965 million for fiscal year ended June 30, 2019, which is a decrease of 9.9% from the prior year. During the fiscal year, the Authority made a contribution to the Unfunded Actuarial Accrued Liability (UAAL) for its pension plan in the amount of \$1.238 million. Administrative salaries and benefits of \$626 thousand are 0.648% of sales tax revenues in the year ended June 30, 2019, 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 Caldecott Tunnel Fourth Bore, SR4 East Widening, East County Corridor, SR4 Balfour Road Interchange, I-80/San Pablo Dam Road Interchange, I-680 and the BART East County Rail Extension. Measure C projects included the I-680 Corridor. Project management for the fiscal year ended June 30, 2019 was \$1.995 million, which is a decrease of \$167 thousand as some staff costs were allocated to 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 \$37.502 million to \$41.877 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 increased based on sales tax revenues improving over the prior year, which provides additional revenues to the various programs.

**CONTRA COSTA TRANSPORTATION AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2019**

- **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 \$108.989 million for the year ended June 30, 2019, which was \$39.449 million more than the project costs for the year ended June 30, 2018. 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 \$948 thousand for the year ended June 30, 2019, which increased \$103 thousand from the prior year, primarily due to the regional planning tasks.
- **Congestion Management** 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 \$1.551 million, a decrease of \$175 thousand from the prior year as work continued on the Bicycle and Pedestrian Plan and Congestion Management support.
- **Transportation Demand Management** spent \$1.522 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 \$88 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 \$1.047 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, 2019, the Authority incurred interest expense and bond amortization costs of \$18.168 million.

The **Change in Net Position** figure is the revenues minus the expenses. During the year ended June 30, 2019, the Authority realized a decrease in Net Position of \$43.009 million. The major changes are due debt service related fees and capital project costs.

**CONTRA COSTA TRANSPORTATION AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2019**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Comparing the fiscal year 2018/19 original budget (adopted June 2018) General Fund expenditures and transfers out in the amount of \$209.104 million, to the final budget amount of \$183.820 million, there was a decrease in budgeted expenditures and transfers out of \$25.284 million. The causes for these decreases are summarized below.

<u>Beginning Balance</u>	+	<u>Supplemental Changes</u>	=	<u>Final Budget</u>
\$ 209,104		\$ (25,284)		\$ 183,820

During the fiscal year, the total revenues and transfers in for the General Fund were \$148.139 million. This was \$11.752 million less than budgeted. The total expenditures and transfers out for the General Fund were \$165.620 million. This was \$18.200 million less than budgeted.

Capital and program revenues were less than budget due to expenditure reimbursements as timelines are often difficult to meet as the Authority acts as a conduit to funding projects throughout the county and relies on the project proponents to bill the Authority. Several State and local grants were under budget by \$8.547 million 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. Sales tax revenue was \$4.034 million more than budgeted, an increase of \$4.246 million or 6.3% over the prior year.

Supplemental changes to the 2018/19 fiscal year General Fund budget were:

- Decrease of \$84 thousand for salaries and benefits for administration related to the vacant position for a portion of the fiscal year.
- Decrease of \$95 thousand for supplies and services for administration related to the removal of a budgeted furniture and equipment upgrade to the Authority Board Room.
- Net decrease of \$320 thousand for salaries and benefits and services for project management division related to staff allocations to other projects and programs.
- Increase of \$168 thousand for bus transit enhancements associated with current funding allocations from sales tax revenue.
- Net increase of \$2.237 million related to programs based on implementation of the Richmond Ferry service.
- Net decrease of \$19.841 million related to capital improvement projects based on timing of project expenditures.
- Net decrease of \$5.507 million related to countywide capital and maintenance based on timing of project expenditures.
- Net decrease of \$369 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.
- Decrease of \$1.310 million related to transfers out to the debt service fund that reflects revised debt service payments due to the issuance of the 2018 Bonds in August 2018.

**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

**CONTRA COSTA TRANSPORTATION AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2019**

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 used 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 Fund General Fund

General Fund's ending fund balance was \$85.389 million as of June 30, 2019, which represents a decrease of \$17.481 million for the year. The decrease is due to increased use of sales tax revenues to reimburse project costs.

**Sales tax revenues** were \$71.403 million in the fiscal year ended June 30, 2019 which was above budget by \$4.034 million. Measure J saw an increase in sales tax receipts this fiscal year, which is discussed in detail at the beginning of this MD&A.

**Grant revenues** were \$28.407 million in federal, state and local grant funds, which increased \$22.368 million from the prior year. The annual variation in grant funding is dependent on the timing of reimbursement on capital projects. The Authority received \$2.309 million in RM2 funds: \$56 thousand for I-80 Carpool Lane Extension right-of-way and \$2.253 million for I-680 Carpool Lane Gap Closure construction services. BATA funds were \$9.378 million for I-680 Carpool Lane Gap Closure project management and construction services. ECCRFFA funds were \$8.750 million for Balfour Road Interchange construction services. STIP funds were \$2.955 million for I-80/San Pablo Dam Road Interchange construction services. Contributions from local agencies associated with studies, project management and construction expenditures incurred by the Authority were \$1.9 million. \$100 thousand from Contra Costa County for the SR239 project, \$700 thousand from the City of Richmond for the I-80 Central Improvements project, \$436 thousand from the City of San Pablo for the I-80 San Pablo Dam Road Interchange project, \$76 thousand from Bay Area Rapid Transit (BART) for the SR4 Widening project. The Priority Development Areas (PDA) planning studies grant funds were \$292 thousand as the Authority is working with ten local jurisdictions on projects. State Planning, Programming and Monitoring (PPM) funds were \$737 thousand. The Congestion Management program received \$862 thousand for regional planning efforts. State Local Partnership Program (LPP), and State Transportation Improvement Program (STIP) funds of \$12 million was budgeted for the I-680/State Route 4 (SR4) Interchange Improvements project for construction expenditures costs. These funds will be received in the following fiscal year as the Authority's start for invoicing was delayed due to necessary preliminary coordination with the California Department of Transportation (Caltrans) Accounting and District staff. Several projects receiving Regional Measure 2 reimbursement were \$2.663 million under budget as a result of SR 4 East Widening construction and construction management, I-80/San Pablo Dam Road Interchange construction services and I-680 Carpool Lane Gap Closure project management and construction service costs yet to be completed. Expenditures need to be incurred prior to submittal for reimbursement.

**Transportation Project** expenditures at June 30, 2019 were \$105.813 million, which represents an increase of \$42.258 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 \$1.289 million on construction and construction support services related to the landscaping and mitigation project.
- ii. eBART spent \$2.537 million on construction and construction support services.

**CONTRA COSTA TRANSPORTATION AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2019**

- iii. SR4 East Widening projects spent \$4.921 million on construction, construction management and right-of-way close-out services.
- iv. East County Corridor spent \$16.472 million on construction and construction support services for the SR4 Bypass and Balfour Road Interchange projects.
- v. I-680/SR4 Interchange Improvements spent \$31.256 million on construction, construction support and right-of-way services.
- vi. I-80 Central Avenue Interchange Improvement spent \$2.002 million on construction and construction support services.
- vii. I-680 Carpool Lane Completion/Express Lanes spent \$28.796 million on environmental, design and project oversight.

Transportation Projects were \$12.473 million under budget for the year ended June 30, 2019. Following are the larger variances for the fiscal year:

- i. Caldecott Tunnel Fourth Bore was under budget by \$386 thousand as final costs for construction management and landscaping which has not yet been finalized.
- ii. eBART was over budget by \$399 thousand as construction costs progressed earlier than anticipated.
- iii. SR4 East Widening was under budget by \$1.347 million for construction, construction and support for project close-out services.
- iv. East County Corridor was under budget by \$1.114 million due to the Balfour Road Interchange project construction and construction support for project close-out services.
- v. I-680/SR4 Interchange Improvements was over budget \$4.740 million as construction costs and right-of-way progressed earlier than anticipated.
- vi. I-80 Carpool Lane Extension and Improvements projects category was under budget by \$289 thousand construction and construction management project close-out services.
- vii. An I-680 Carpool Lane Gap Closure and Corridor improvement was under budget by \$1.124 million for construction and construction management.
- viii. Countywide capital and maintenance projects were under budget \$8.112 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 \$5.033 million as the Authority continues to work with cities and agencies to complete projects with-in their jurisdiction.

*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 2016 Measure J Strategic Plan to keep projects moving forward is paying off. In July of 2018, the SR4 Eastbound travel lanes of the SR4/Balfour Road Interchange opened and will eliminate an at-grade intersection enhancing safety and vehicular travel. In September of 2018, substantial completion of the Concord BART Plaza Redesign improving the pedestrian experience and enhance the connection between the station and the city's central business district. In November 2018, the Main Street Downtown Improvements in Oakley will ease congestion during peak times and the Danville Road and Street Preservation improvements were completed to restore and improve vehicle travel. In

**CONTRA COSTA TRANSPORTATION AUTHORITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2019**

December 2018, the Pleasant Hill Parking Structure Elevator Renovation improved reliable service and the Lafayette BART Station Improvements enhances station accessibility, vehicular access and pedestrian circulation and safety. In January 2019, a groundbreaking ceremony was held for the Interstate 680 /SR4 Interchange Improvements and the project will provide congestion relief and improve traffic operations in the area. Also, a ribbon cutting was held on the opening of the Richmond Ferry Service and ridership has exceeded expectations. In March 2019, the contract was awarded to start the Innovate 680 project that aims to provide travelers with efficient, modern and sustainable transportation along the 680 corridor. This contract will look at Bus On Shoulder to increase efficiencies of Bus Service. In May 2019, the Kirker Pass Road Widening construction started and will improve the interregional route between Central and East Contra Costa by adding truck lanes to reduce congestion and improve safety. In June 2019, the Alhambra Creek Bridge and Ferry Street Enhancements project increases parking capacity and bridge crossing the UPRR facilities to enhance pedestrian and vehicular access in addition to traffic flow. 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. 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.

## CONTRA COSTA TRANSPORTATION AUTHORITY

### 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, 2019  
 (In thousands)

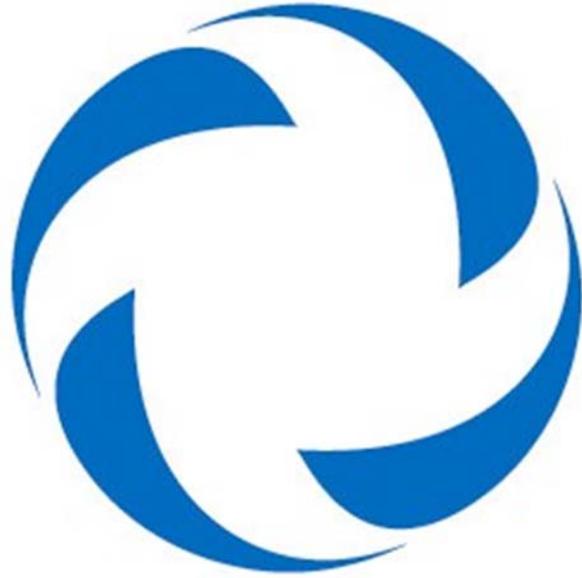
	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments (Note 3)	\$ 145,497
Restricted cash and investments (Note 3)	28,640
Receivables:	
Sales tax	15,733
Interest	826
Intergovernmental	4,473
Prepaid	2
Net OPEB asset (Note 8)	65
Capital assets, net of accumulated depreciation (Note 5)	260
<b>TOTAL ASSETS</b>	<b>195,496</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflow of resources on refunding of debt (Note 6C)	36,636
Deferred outflow of resources related to pensions (Note 7B)	2,403
Deferred outflow of resources related to OPEB (Note 8)	325
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>39,364</b>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	56,306
Accrued employee benefits	957
Deposits payable	400
Interest rate swap agreement (Note 6C)	24,112
Sales Tax Revenue Bonds (Note 6):	
Due within one year	23,871
Sales tax revenue bonds, due in more than one year	511,103
Net Pension liability (Note 7)	1,044
<b>TOTAL LIABILITIES</b>	<b>617,793</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Accumulated increase in fair value of hedging derivative (Note 6C)	6,184
Deferred inflows of resources related to refunding of debt	10,173
Deferred inflows of resources related to pensions (Note 7B)	612
Deferred inflows of resources related to OPEB (Note 8)	110
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>17,079</b>
<b>NET POSITION (DEFICIT) (Note 12)</b>	
Investment in capital assets	260
Restricted for:	
Transportation projects and programs	137,508
Unrestricted deficit	(537,780)
<b>TOTAL NET POSITION (DEFICIT)</b>	<b>\$ (400,012)</b>

See accompanying notes to basic financial statements.

**CONTRA COSTA TRANSPORTATION AUTHORITY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
(In thousands)

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes in Net Position</b>
		<b>Operating Grants and Contributions</b>	<b>Capital Grants</b>	
Governmental Activities:				
Administration	\$ 1,965	\$ -	\$ -	\$ (1,965)
Project management	1,995	-	-	(1,995)
Programs	41,877	58	-	(41,819)
Transportation projects	108,989	-	26,495	(82,494)
Regional planning	948	-	-	(948)
Congestion management	1,551	1,829	-	278
Transportation demand management	1,522	1,597	-	75
Transportation planning land use solutions	88	400	-	312
Transportation Innovation -GoMentum	1,047	1,196	-	149
Interest and related fees	18,168	-	-	(18,168)
<b>Total governmental activities</b>	<b>\$ 178,150</b>	<b>\$ 5,080</b>	<b>\$ 26,495</b>	<b>(146,575)</b>
General Revenues:				
Sales taxes				96,608
Investment income				6,956
Miscellaneous				2
<b>Total general revenues</b>				<b>103,566</b>
Change in net position				(43,009)
Net position at beginning of year				(357,003)
Net position at end of year				<b>\$ (400,012)</b>

See accompanying notes to basic financial statements.



This Page Intentionally Left Blank.

# CONTRA COSTA TRANSPORTATION AUTHORITY

## 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 2019. 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, 2019**  
(In thousands)

	<b>Measure J General Fund</b>	<b>Measure J Local Streets and Roads Fund</b>	<b>Measure C Fund</b>	<b>Measure J Debt Service Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>						
Cash and investments (Note 3)	\$ 95,647	\$ 26,250	\$ 10,184	\$ -	\$ 13,416	\$ 145,497
Restricted cash and investments (Note 3)	-	-	-	28,640	-	28,640
Receivables:						
Sales tax	11,628	3,161	-	-	944	15,733
Interest	826	-	-	-	-	826
Intergovernmental	4,473	-	-	-	-	4,473
Prepaid	2	-	-	-	-	2
Total Assets	<u>\$ 112,576</u>	<u>\$ 29,411</u>	<u>\$ 10,184</u>	<u>\$ 28,640</u>	<u>\$ 14,360</u>	<u>\$ 195,171</u>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 25,865	\$ 29,411	\$ 167	\$ -	\$ 863	\$ 56,306
Accrued employee benefits	957	-	-	-	-	957
Deposits payable	-	-	-	-	400	400
Total Liabilities	<u>26,822</u>	<u>29,411</u>	<u>167</u>	<u>-</u>	<u>1,263</u>	<u>57,663</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	365	-	-	-	-	365
<b>FUND BALANCES (Note 11)</b>						
Nonspendable:						
Prepaid	2	-	-	-	-	2
Restricted:						
Air quality	-	-	-	-	2,047	2,047
GoMentum	-	-	-	-	157	157
Commute alternatives	-	-	-	-	985	985
Transportation projects	30,007	-	10,017	28,640	-	68,664
Paratransit program	-	-	-	-	9,908	9,908
Additional paratransit program	1,860	-	-	-	-	1,860
Safe transportation for children	4,037	-	-	-	-	4,037
Ferry service	16,661	-	-	-	-	16,661
Bus transit and improvements	1,432	-	-	-	-	1,432
Express bus	1,235	-	-	-	-	1,235
Subregional bus transit	539	-	-	-	-	539
Transportation for livable communities projects (TLC)	14,697	-	-	-	-	14,697
Additional TLC	2,978	-	-	-	-	2,978
Pedestrian, bicycle and trail facilities	4,794	-	-	-	-	4,794
Additional pedestrian, bicycle and trail facilities	130	-	-	-	-	130
Subregional transportation needs	2,800	-	-	-	-	2,800
Planning and facilities	2,279	-	-	-	-	2,279
Administration	1,938	-	-	-	-	1,938
Total Fund Balances	<u>85,389</u>	<u>-</u>	<u>10,017</u>	<u>28,640</u>	<u>13,097</u>	<u>137,143</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 112,576</u>	<u>\$ 29,411</u>	<u>\$ 10,184</u>	<u>\$ 28,640</u>	<u>\$ 14,360</u>	<u>\$ 195,171</u>

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, 2019**  
(In thousands)

Total fund balances - governmental funds \$ 137,143

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). 260

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	\$	65	
Deferred outflows of resources		325	
Deferred inflows of resources		(110)	
		280	280

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. 365

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	\$	(466,245)	
Unamortized premium on bonds		(68,729)	
Fair value of interest rate swap agreement		(24,112)	
Deferred outflow of resources on refunding of debt		36,636	
Deferred inflow of resources on refunding of debt		(10,173)	
Accumulated increase in fair value of hedging derivative		(6,184)	
Subtotal		(538,807)	(538,807)

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	\$	(1,044)	
Deferred outflows of resources		2,403	
Deferred inflows of resources		(612)	
		747	747

Net position (deficit) of governmental activities \$ (400,012)

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, 2019**  
(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
<b>Revenues</b>						
Sales tax	\$ 71,403	\$ 19,409	\$ -	\$ -	\$ 5,796	\$ 96,608
Investment income	4,538	-	486	1,296	636	6,956
Federal Surface Transportation Program (CMA)	937	-	-	-	-	937
Federal Surface Transportation Program (SCS)	292	-	-	-	-	292
Federal Surface Transportation Program (Innovate-680)	3	-	-	-	-	3
Federal Surface Transportation Program (I-80 Carpool)	541	-	-	-	-	541
Federal Congestion Mitigation (CMAQ)	-	-	-	-	58	58
State Planning, Programming and Monitoring (PPM)	737	-	-	-	-	737
State Funds - (Mobility Improvements)	1,000	-	-	-	-	1,000
State Transportation Agency Grant (GoMentum)	-	-	-	-	628	628
State Transportation Improvement Program (I-80)	2,955	-	-	-	-	2,955
Regional Measure 2 (I-80 Carpool Ln Ext)	56	-	-	-	-	56
Regional Measure 2 (I-680 Carpool Ln Ext & I/C Imp)	2,253	-	-	-	-	2,253
State Motor Vehicle Registration Surcharge (TFCA)	-	-	-	-	1,597	1,597
Contributions from CMA member agencies	140	-	-	-	-	140
Bay Area Toll Authority (I-680 Carpool Ln Ext & I/C Imp)	9,378	-	-	-	-	9,378
Contra Costa County (East County Corridors)	153	-	-	-	-	153
East Contra Costa Regional Fee and Financing Authority	8,750	-	-	-	-	8,750
EBMUD/City San Pablo (I-80/San Pablo Dam Road I/C Imp)	1,136	-	-	-	-	1,136
Contributions (GoMentum)	-	-	-	-	568	568
Contributions (BART-Mokelumne)	76	-	-	-	-	76
Escrow Earnings (I-80/San Pablo)	194	-	-	-	-	194
Miscellaneous revenue	2	-	-	-	-	2
<b>Total Revenues</b>	<b>104,544</b>	<b>19,409</b>	<b>486</b>	<b>1,296</b>	<b>9,283</b>	<b>135,018</b>
<b>Expenditures</b>						
<b>Current expenditures:</b>						
<b>Administration:</b>						
Salaries and employee benefits	626	-	1,238	-	-	1,864
Services, supplies & capital outlay	1,225	-	98	-	-	1,323
<b>Project Management:</b>						
Salaries and employee benefits	1,825	-	-	-	-	1,825
Services, supplies & capital outlay	169	-	-	-	-	169
<b>Programs:</b>						
Commute alternatives	-	-	-	-	1,062	1,062
Additional paratransit	1,130	-	-	-	-	1,130
Bus transit enhancements	3,133	-	-	-	-	3,133
Ferry Service program	1,240	-	-	-	-	1,240
Paratransit	-	-	-	-	4,017	4,017
Express bus program	3,508	-	-	-	-	3,508
Bus transit and improvement program	4,091	-	-	-	-	4,091
Safe transportation for children	4,287	-	-	-	-	4,287
Local street and maintenance	-	17,390	-	-	-	17,390
Subregional local street and maintenance	-	2,019	-	-	-	2,019
<b>Transportation Projects:</b>						
Highways and arterials	-	-	2,535	-	-	2,535
Transit	-	-	643	-	-	643
Capital improvement projects	87,448	-	-	-	-	87,448
Countywide capital and maintenance projects	10,841	-	-	-	-	10,841
Subregional projects	7,524	-	-	-	-	7,524
<b>Regional Planning:</b>						
Salaries and employee benefits	427	-	-	-	-	427
Services, supplies & capital outlay	521	-	-	-	-	521
<b>Congestion Management:</b>						
Salaries and employee benefits	1,024	-	-	-	-	1,024
Services, supplies & capital outlay	527	-	-	-	-	527
<b>Transportation Demand Management:</b>						
Salaries and employee benefits	-	-	-	-	100	100
Contributions to other agencies	-	-	-	-	1,422	1,422
<b>Transportation Planning Land Use Solutions:</b>						
Salaries and employee benefits	88	-	-	-	-	88
<b>Gomentum:</b>						
Salaries and employee benefits	-	-	-	-	125	125
Services, supplies & capital outlay	-	-	-	-	922	922
<b>Debt service:</b>						
Principal	-	-	-	16,350	-	16,350
Interest and related fees	-	-	-	20,852	-	20,852
Issuance costs	-	-	-	14,003	-	14,003
<b>Total Expenditures</b>	<b>129,634</b>	<b>19,409</b>	<b>4,514</b>	<b>51,205</b>	<b>7,648</b>	<b>212,410</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,090)	-	(4,028)	(49,909)	1,635	(77,392)
<b>Other Financing Sources (Uses)</b>						
Bonds issued	-	-	-	195,030	-	195,030
Premium on bonds issued	-	-	-	20,319	-	20,319
Payment to refunded bond escrow agent	-	-	-	(201,450)	-	(201,450)
Transfer in (Note 4)	43,595	-	-	35,986	-	79,581
Transfer out (Note 4)	(35,986)	-	-	(43,595)	-	(79,581)
<b>Total Other Financing Sources (Uses)</b>	<b>7,609</b>	<b>-</b>	<b>-</b>	<b>6,290</b>	<b>-</b>	<b>13,899</b>
<b>Change in Fund Balances</b>	<b>(17,481)</b>	<b>-</b>	<b>(4,028)</b>	<b>(43,619)</b>	<b>1,635</b>	<b>(63,493)</b>
Fund Balances - Beginning	102,870	-	14,045	72,259	11,462	200,636
Fund Balances - Ending	\$ 85,389	\$ -	\$ 10,017	\$ 28,640	\$ 13,097	\$ 137,143

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, 2019**  
(In thousands)

Net change in fund balances - total governmental funds	\$	(63,493)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets cost is allocated over their estimated useful lives and reported as depreciation expense in the current period.		(68)
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.		123
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.		
Issuance of 2018 Sales Tax Revenue Bonds	\$ (195,030)	
Bond premium on bonds issued	(20,319)	
Amortization of bond premium	4,693	
Gain on refunding	(8,633)	
Amortization of the deferred outflows of resources	20,001	
Amortization of the deferred inflows of resources	626	
Retirement of long-term debt	217,800	19,138
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.		108
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.		1,183
Change in net position of governmental activities	\$	(43,009)

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, 2019**  
(In thousands)

	<u>Budget</u>			<b>Variance with Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Sales tax	\$ 67,369	\$ 67,369	\$ 71,403	\$ 4,034
Investment income	1,450	1,750	4,538	2,788
Federal Surface Transportation Program (CMA)	1,066	1,066	937	(129)
Federal Surface Transportation Program (SCS)	155	164	292	128
Federal Surface Transportation Program (Innovate 680) (CIP8)	-	-	3	3
Federal Surface Transportation Program (I-80 Carpool Ln Ext)	541	541	541	-
Federal Demo (East County Corridors)	250	-	-	-
State Planning, Programming and Monitoring (PPM)	675	695	737	42
State Funds - (Mobility Improvements)	-	1,000	1,000	-
State Local Partnership Program (eBART)	-	29	-	(29)
State Local Partnership Program (680/4)	-	12,000	-	(12,000)
State Transportation Improvement Program (I-80)	1,018	3,938	2,955	(983)
State Transportation Improvement Program (I-680 Carpool)	9,500	800	-	(800)
Regional Measure 2 (SR4 East Widening)	-	1,606	-	(1,606)
Regional Measure 2 (I-80 Carpool Ln Ext)	325	325	56	(269)
Regional Measure 2 (I-680 Carpool Ln Ext & I/C Imp)	2,700	3,041	2,253	(788)
Contributions from CMA member agencies	405	266	140	(126)
Bay Area Toll Authority (East County Corridors)	25	22	-	(22)
Bay Area Toll Authority (I-680 Carpool Ln Ext & I/C Imp)	7,841	1,324	9,378	8,054
Contra Costa County (East County Corridors)	25	175	153	(22)
East Contra Costa Regional Fee and Financing Authority	13,500	8,750	8,750	-
Contributions (BART/MoKelumne)	200	200	76	(124)
EBMUD/San Pablo (I-80/San Pablo Dam Road I/C Imp)	700	1,136	1,136	-
Escrow Earnings (I-80/San Pablo)	-	193	194	1
Miscellaneous revenue	1	1	2	1
<b>Total Revenues</b>	<u>107,746</u>	<u>106,391</u>	<u>104,544</u>	<u>(1,847)</u>
<b>Expenditures</b>				
Current expenditures:				
Administration:				
Salaries and employee benefits	735	651	626	25
Services, supplies & capital outlay	1,568	1,473	1,225	248
Project Management:				
Salaries and employee benefits	2,184	1,910	1,825	85
Services, supplies & capital outlay	473	427	169	258
Programs:				
Additional paratransit	1,048	1,048	1,130	(82)
Bus transit enhancements	3,983	4,151	3,133	1,018
Ferry service	-	2,237	1,240	997
Express bus program	3,919	3,919	3,508	411
Bus transit and improvement program	4,558	4,558	4,091	467
Safe transportation for children	4,143	4,143	4,287	(144)
Transportation Projects:				
Capital improvement projects	106,617	86,776	87,448	(672)
Countywide capital and maintenance projects	24,460	18,953	10,841	8,112
Subregional projects	12,926	12,557	7,524	5,033
Regional Planning:				
Salaries and employee benefits	446	430	427	3
Services, supplies & capital outlay	849	813	521	292
Congestion Management:				
Salaries and employee benefits	1,251	1,239	1,024	215
Services, supplies & capital outlay	887	818	527	291
Transportation Planning Land Use Solutions:				
Salaries and employee benefits	113	113	88	25
Services, supplies & capital outlay	50	20	-	20
<b>Total Expenditures</b>	<u>170,210</u>	<u>146,236</u>	<u>129,634</u>	<u>16,602</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(62,464)</u>	<u>(39,845)</u>	<u>(25,090)</u>	<u>14,755</u>
<b>Other Financing Sources (Uses)</b>				
Transfer in	58,500	53,500	43,595	(9,905)
Transfer out	(38,894)	(37,584)	(35,986)	1,598
<b>Total Other Financing Sources (Uses)</b>	<u>19,606</u>	<u>15,916</u>	<u>7,609</u>	<u>(8,307)</u>
Change in Fund Balance	<u>\$ (42,858)</u>	<u>\$ (23,929)</u>	<u>(17,481)</u>	<u>\$ 6,448</u>
Fund Balance - Beginning			<u>102,870</u>	
Fund Balance - Ending			<u>\$ 85,389</u>	

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, 2019**  
(In thousands)

	<b>Budget</b>			<b>Variance with Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Sales tax	\$ 18,312	\$ 18,312	\$ 19,409	\$ 1,097
Total Revenues	18,312	18,312	19,409	1,097
<b>Expenditures</b>				
Current expenditures:				
Programs:				
Local street and maintenance	16,407	16,407	17,390	(983)
Subregional local street and maintenance	1,905	1,905	2,019	(114)
Total Expenditures	18,312	18,312	19,409	(1,097)
Change in Fund Balance	\$ -	\$ -	-	\$ -
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, 2019**  
(In thousands)

	<u>Budget</u>			<b>Variance with Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Investment income	\$ 200	\$ 250	\$ 486	\$ 236
Escrow Earnings (SR4 East)	520	520	-	(520)
Miscellaneous revenue	1	1	-	(1)
Total Revenues	<u>721</u>	<u>771</u>	<u>486</u>	<u>(285)</u>
<b>Expenditures</b>				
Current expenditures:				
Administration:				
Salaries and employee benefits	-	1,238	1,238	-
Services, supplies & capital outlay	-	-	98	(98)
Transportation Projects:				
Highways and arterials	8,408	4,388	2,535	1,853
Transit	30	614	643	(29)
Total Expenditures	<u>8,438</u>	<u>6,240</u>	<u>4,514</u>	<u>1,726</u>
Change in Fund Balance	<u>\$ (7,717)</u>	<u>\$ (5,469)</u>	<u>(4,028)</u>	<u>\$ 1,441</u>
Fund Balance - Beginning			<u>14,045</u>	
Fund Balance - Ending			<u>\$ 10,017</u>	

See accompanying notes to basic financial statements.

## CONTRA COSTA TRANSPORTATION AUTHORITY

Notes to Basic Financial Statements

June 30, 2019

### 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 the 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 the County and the County (collectively, the Members) as the Congestion Management Agency (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 of Commissioners.

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.

#### 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. 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.

# CONTRA COSTA TRANSPORTATION AUTHORITY

Notes to Basic Financial Statements

June 30, 2019

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

**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 General Fund, major fund Measure J Local Streets and Roads Fund, and non-major funds Measure J Paratransit and Measure J Commute Alternatives.

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.

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.

**CONTRA COSTA TRANSPORTATION AUTHORITY**

Notes to Basic Financial Statements

June 30, 2019

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

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 General Fund and any fund balances remaining at year-end are reported in the 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.

**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.

# CONTRA COSTA TRANSPORTATION AUTHORITY

Notes to Basic Financial Statements

June 30, 2019

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

**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 *special 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 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*.

# CONTRA COSTA TRANSPORTATION AUTHORITY

Notes to Basic Financial Statements

June 30, 2019

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

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, 2019.

### ***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 significant of the Authority's funds are in restricted fund balance at June 30, 2019.

### ***I. Use of Management Estimates***

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America 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 policy.

### ***K. Effects of New Pronouncements***

During the year ended June 30, 2019, the Authority implemented the following Governmental Accounting Standards Board ("GASB") Statements:

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This statement addresses accounting and financial reporting for certain asset retirement obligations ("AROs"). An ARO is a legally enforceable liability associated with the retirement of a tangible

# CONTRA COSTA TRANSPORTATION AUTHORITY

## Notes to Basic Financial Statements

June 30, 2019

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

capital asset. A government that has legal obligations to perform future retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgements, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require a government to take actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO. The application of Statement No. 83 did not have any effect on the Authority's financial statements.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash or other assets that may be used in lieu of cash in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; asset pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

This statement defines direct borrowings and direct placements as having terms negotiated directly with the investor or lender and are not offered for public sale. See Note 6 for application of this statement on the Authority's financial statements.

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

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments and describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Application of Statement No. 84 is effective for the Authority's fiscal year ending June 30, 2020.

In June 2017, the GASB issued Statement No. 87, *Leases*. 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 provision 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

## CONTRA COSTA TRANSPORTATION AUTHORITY

Notes to Basic Financial Statements

June 30, 2019

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

relevance and consistency of information about governments' leasing activities. Application of Statement No. 87 is effective for the Authority's fiscal year ending June 30, 2021.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in financial statements prepared using the economic resources measurement focus. Application of Statement No. 89 is effective for the Authority's fiscal year ending June 30, 2021.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, 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. This statement requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Application of Statement No. 90 is effective for the Authority's fiscal year ending June 30, 2020.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associate with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosure. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer, establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Application of Statement No. 91 is effective for the Authority's fiscal year ending June 30, 2022.

### NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

The Authority follows these procedures in establishing the budgetary data reflected in the financial statements. The Measure J Local Streets and Roads Special Revenue Fund, however, may exceed the budgetary expenditures as long as the amounts owed to the local 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 generally accepted accounting principles (GAAP).

**CONTRA COSTA TRANSPORTATION AUTHORITY**

Notes to Basic Financial Statements

June 30, 2019

**NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING (Continued)**

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 March 2016, December 2013 and December 2011, respectively.

**A. Excess of Expenditures over Appropriation**

During fiscal year 2019, the following fund had expenditures in excess of budget, as shown below (in thousands):

Fund	Excess of Expenditures Over Appropriations
<b>Measure J General Fund</b>	
Program:	
Additional paratransit	\$ 82
Safe transportation for children	144
Transportation Projects:	
Capital improvement projects	672
<b>Measure J Local Streets and Roads Special Revenue Fund</b>	
Programs:	
Local street and maintenance	983
Subregional local street and maintenance	114
<b>Measure C Special Revenue Fund</b>	
Administration:	
Services, supplies & capital outlay	98
Transportation Projects:	
Transit	29
<b>Measure J Paratransit Other Governmental Fund</b>	
Program:	
Paratransit	172

*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 measure 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

**CONTRA COSTA TRANSPORTATION AUTHORITY**

Notes to Basic Financial Statements

June 30, 2019

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

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, 2019 (in thousands):

	Available for Operations	Held by Fiscal Agents	Total
U.S. Treasury Notes	\$ 85,897	\$ 16,694	\$ 102,591
Federal Agency Securities	13,811	-	13,811
Corporate Notes	19,493	-	19,493
Money Market Mutual Funds	3,119	11,946	15,065
Local Agency Investment Fund	23,106	-	23,106
	<hr/>	<hr/>	<hr/>
Total Investments	145,426	28,640	174,066
Cash in Bank	71	-	71
	<hr/>	<hr/>	<hr/>
Total Cash and Investments	<u>\$ 145,497</u>	<u>\$ 28,640</u>	<u>\$ 174,137</u>
Cash and Investments:			
Unrestricted cash and investments	\$ 145,497	\$ -	\$ 145,497
Restricted cash and investments	-	28,640	28,640
	<hr/>	<hr/>	<hr/>
Total Cash and Investments	<u>\$ 145,497</u>	<u>\$ 28,640</u>	<u>\$ 174,137</u>

**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.

**CONTRA COSTA TRANSPORTATION AUTHORITY**

Notes to Basic Financial Statements

June 30, 2019

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

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
CA Local Agency Obligations	5 years	Highest 2 rating categories	None	None
Bankers' Acceptances	180 days	Highest rating category	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	\$65,000,000 per account	\$65,000,000 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"

**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, 2019, the carrying amount of the Authority's deposits was \$71 thousand and the bank balance was \$1.4 million. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balance, \$250 thousand was covered by federal depository insurance and \$1.1 million was collateralized by the pledging financial institutions as required by Section 53652 of the California Governmental Code.

**CONTRA COSTA TRANSPORTATION AUTHORITY**

Notes to Basic Financial Statements

June 30, 2019

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

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, 2019, 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):

Investment Type	Maturities		Total
	Less than One Year	One to Five Years	
U.S. Treasury Notes	\$ 16,694	\$ 85,897	\$ 102,591
Federal Agency Securities	-	13,811	13,811
Corporate Notes	8,378	11,115	19,493
Money Market Mutual Funds *	15,065	-	15,065
Local Agency Investment Fund *	23,106	-	23,106
Total Investments	<u>\$ 63,243</u>	<u>\$ 110,823</u>	<u>\$ 174,066</u>

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

**CONTRA COSTA TRANSPORTATION AUTHORITY**

Notes to Basic Financial Statements

June 30, 2019

**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. Presented below is the actual rating as of June 30, 2019 for each investment type (in thousands) as provided by Standard and Poor’s investment rating system:

Investment Type	Credit Rating		Total
	AAA	AA	
Federal Agency Securities	\$ -	\$ 13,811	\$ 13,811
Corporate Notes	4,051	15,442	19,493
Money Market Mutual Funds	15,065	-	15,065
Totals	\$ 19,116	\$ 29,253	48,369
<i>Not rated:</i>			
Local Agency Investment Fund			23,106
<i>Exempt from rating requirement:</i>			
U.S. Treasury Notes			102,591
Total Investments			\$ 174,066

***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. As of June 30, 2019, the Authority had investments in a single issuer that equaled or exceeded 5% of total Authority-wide investments, other than investments issued or explicitly guaranteed by the U.S. government, money market mutual funds, and external investment pools, which are exempt from this disclosure. The Authority invested in Federal Home Loan Mortgage Corp, which represented 7.24% of the Authority’s investments at June 30, 2019.

**CONTRA COSTA TRANSPORTATION AUTHORITY**

Notes to Basic Financial Statements

June 30, 2019

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

***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, 2019 (in thousands):

Investments	Balance at June 30, 2019	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	\$ 102,591	\$ 102,591	\$ -
Federal Agency Securities	13,811	-	13,811
Corporate Notes	19,493	-	19,493
Money Market Mutual Funds	15,065	-	15,065
Total investments subject to fair value hierarchy	150,960	<u>\$ 102,591</u>	<u>\$ 48,369</u>
Investments not subject to fair value hierarchy			
Local Agency Investment Fund	23,106		
Total Investments	<u>\$ 174,066</u>		

*Debt 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, 2019 is approximately \$24.6 billion. LAIF is part of the Pooled Money Investment Account (PMIA) with a total portfolio of approximately \$105.7 billion as of June 30, 2019. Of that amount, 98.23% is invested in non-derivative financial products and 1.77% 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, 2019, these investments have an average maturity of 173 days.

**CONTRA COSTA TRANSPORTATION AUTHORITY**

Notes to Basic Financial Statements

June 30, 2019

**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, 2019 were as follows (in thousands):

Fund Receiving Transfer	Fund Making Transfer	Purpose	Amount Transferred
Measure J General Fund	Measure J Debt Service Fund	(A)	\$ 43,595
Measure J Debt Service Fund	Measure J General Fund	(B)	35,986
	Total		\$ 79,581

Purposes of Transfers:

(A) Transfer bond proceeds to Measure J General Fund 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 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 revenues or long-term debt. As of June 30, 2019, through Measures C and J, the Authority has expended \$1.7 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.

**CONTRA COSTA TRANSPORTATION AUTHORITY**

Notes to Basic Financial Statements

June 30, 2019

**NOTE 5 – CAPITAL ASSETS (Continued)**

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.

The Authority's capital assets comprise the following at June 30, 2019 (in thousands):

	Balance at June 30, 2018	Additions	Retirements	Balance at June 30, 2019
<b>Cost:</b>				
Office Equipment	\$ 345	\$ -	\$ -	\$ 345
Furniture	217	-	-	217
Financial System	457	-	-	457
Leasehold Improvements	415	-	-	415
Subtotal	<u>1,434</u>	<u>-</u>	<u>-</u>	<u>1,434</u>
<b>Accumulated Depreciation:</b>				
Office Equipment	(299)	(23)	-	(322)
Furniture	(211)	(2)	-	(213)
Financial System	(388)	(17)	-	(405)
Leasehold Improvements	(208)	(26)	-	(234)
Subtotal	<u>(1,106)</u>	<u>(68)</u>	<u>-</u>	<u>(1,174)</u>
Capital Assets, net of accumulated depreciation	<u>\$ 328</u>	<u>\$ (68)</u>	<u>\$ -</u>	<u>\$ 260</u>

**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, 2018	Additions	Payments/ Adjustments	Balance June 30, 2019	Amounts Due Within One Year
<b>Bonds</b>					
2012A&B Sales Tax Revenue Bonds	\$ 242,895	\$ -	\$ (215,610)	\$ 27,285	\$ 14,835
2015A Sales Tax Revenue Bonds	164,260	-	-	164,260	-
2017A Sales Tax Revenue Bonds	81,860	-	(2,190)	79,670	3,785
2018A&B Sales Tax Revenue Bonds	-	195,030	-	195,030	-
Total long-term debt	<u>489,015</u>	<u>195,030</u>	<u>(217,800)</u>	<u>466,245</u>	<u>18,620</u>
<b>Add Unamortized Premium:</b>					
2012B Bond Premium	7,673	-	(2,413)	5,260	2,413
2015A Bond Premium	29,286	-	(1,061)	28,225	1,061
2017A Bond Premium	16,144	-	(873)	15,271	1,088
2018B Bond Premium	-	20,319	(346)	19,973	689
Total Unamortized Premium	<u>53,103</u>	<u>20,319</u>	<u>(4,693)</u>	<u>68,729</u>	<u>5,251</u>
Total long-term debt, net	<u>\$ 542,118</u>	<u>\$ 215,349</u>	<u>\$ (222,493)</u>	<u>\$ 534,974</u>	<u>\$ 23,871</u>

## CONTRA COSTA TRANSPORTATION AUTHORITY

Notes to Basic Financial Statements

June 30, 2019

### 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 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 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 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, 2019, the Authority has amortized \$16.14 million, and reports a balance of \$36.64 million.

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

# CONTRA COSTA TRANSPORTATION AUTHORITY

Notes to Basic Financial Statements

June 30, 2019

## NOTE 6 – LONG-TERM DEBT (Continued)

Fund or any liquidity facility. The total projected Measure J Sales Tax revenue, as reported in the 2016 Measure J Strategic Plan, is expected to approximate \$2.7 billion, which is sufficient to repay the estimated debt service, including net interest rate swap settlements, of \$655.9 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):

<b>Year ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>June 30:</b>			
2020	\$ 18,620	\$ 21,630	\$ 40,250
2021	21,060	20,728	41,788
2022	23,555	19,777	43,332
2023	26,220	18,728	44,948
2024	27,480	17,445	44,925
2025-2029	152,825	66,440	219,265
2030-2034	196,485	24,926	221,411
	<u>\$ 466,245</u>	<u>\$ 189,674</u>	<u>\$ 655,919</u>

### 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.

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:

**CONTRA COSTA TRANSPORTATION AUTHORITY**

Notes to Basic Financial Statements

June 30, 2019

**NOTE 6 – LONG-TERM DEBT (Continued)**

<u>Term</u>	<u>Counterparty</u> <u>Bank of America</u>
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, 2018	n/a
Fair Value loss at August 23, 2018	\$18.060 million
Fair Value loss at June 30, 2019	\$24.112 million
Credit rating (Moody's/S&P/Fitch)	Aa2/A+/AA-

Risks associated with the interest rate swap agreement and the 2018 Bonds as of June 30, 2019 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 and 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.

As of June 30, 2019, the fair value loss of the hedging derivative instrument, which is in favor of the Counterparty, was \$24.112 million. The fair value hierarchy of the interest rate swap is Level 2. The change in fair value represents a partial swap termination due to refunding of \$12.543 million and a decrease of \$6.051 million since refunding, a net increase of \$6.492 million from the fair value loss of \$30.604 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

## CONTRA COSTA TRANSPORTATION AUTHORITY

Notes to Basic Financial Statements

June 30, 2019

### NOTE 6 – LONG-TERM DEBT (Continued)

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 201A 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 \$6.184 million, which represents the accumulated change in fair value as of June 30, 2019 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, 2019.

Conversely, as of June 30, 2019 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, 2019.

**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.

**CONTRA COSTA TRANSPORTATION AUTHORITY**

Notes to Basic Financial Statements

June 30, 2019

**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			Interest Rate	
June 30:	Principal	Interest	Swaps, net	Total
2020	\$ -	\$ 1,991	\$ 1,787	\$ 3,778
2021	-	1,985	1,793	3,778
2022	-	1,985	1,793	3,778
2023	-	1,996	1,793	3,789
2024	-	1,980	1,787	3,767
2025-2029	-	9,937	8,957	18,894
2030-2034	100,000	6,229	5,623	111,852
	<u>\$ 100,000</u>	<u>\$ 26,103</u>	<u>\$ 23,533</u>	<u>\$ 149,636</u>

**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 (the Pension Plan), cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). 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.

The State of California 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.

**CONTRA COSTA TRANSPORTATION AUTHORITY**

Notes to Basic Financial Statements

June 30, 2019

**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:

	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
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%	6.25%
Required employer contribution rates	8.892%	6.842%

**Contributions:** Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for 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, 2019, the Authority’s actuarially determined contractually required contribution was \$256 thousand. Additionally, the Authority made a prepayment of \$1.2 million in fiscal year 2019, which will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

**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 Pension Plan’s total net pension liability. The net pension liability of the Pension Plan is measured as of June 30, 2018. 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, 2017 rolled forward to June 30, 2018 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 Plan related to the projected contributions of all participating employers, as actuarially determined. The Authority’s proportionate share of the net pension liability for the Pension Plan was 0.08431% or \$1.044 million, a decrease of \$103 thousand from the prior year.

**CONTRA COSTA TRANSPORTATION AUTHORITY**

Notes to Basic Financial Statements

June 30, 2019

**NOTE 7 – PENSION PLAN (Continued)**

For the measurement period ended June 30, 2018, the Authority recognized pension expense of \$312 thousand. At June 30, 2019, 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	\$ 1,494	\$ -
Differences between expected and actual experience	40	14
Change in assumptions	119	29
Net differences between projected and actual earnings on plan investments	5	-
Change in employer's proportion	486	251
Difference between the employer's contributions and the employer's proportionate share of contributions	259	318
<b>Total</b>	<b>\$ 2,403</b>	<b>\$ 612</b>

For the measurement period ended June 30, 2018, the Authority reported \$1.494 million 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, 2019. 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 Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ 154
2021	112
2022	40
2023	(9)
	<u>\$ 297</u>

**Actuarial Assumptions:** The total pension liability in the June 30, 2017 actuarial valuation, which was rolled forward to June 30, 2018, was determined using the following actuarial assumptions:

	<b>Miscellaneous</b>
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Discount Rate	7.150%
Inflation	2.750%
Payroll Growth	3.00%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.50% net of Pension Plan Investment; 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 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS website.

**CONTRA COSTA TRANSPORTATION AUTHORITY**

Notes to Basic Financial Statements

June 30, 2019

**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 2011, 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.

**CONTRA COSTA TRANSPORTATION AUTHORITY**

Notes to Basic Financial Statements

June 30, 2019

**NOTE 7 – PENSION PLAN (Continued)**

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%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

(a) An expected inflation of 2.50% used for this period

(b) An expected inflation of 2.92% used for this period

**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):

	Decrease Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Decrease Rate + 1% (8.15%)
Proportionate Share of Net Pension Liability / (Asset)	\$ 2,970	\$ 1,044	\$ (547)

**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 POSTEMPLOYMENT BENEFITS (OPEB) PLAN**

**A. General Information about the OPEB 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 its financial statements.

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. Each eligible retiree is entitled to reimbursement for health care premium costs incurred on a CalPERS health insurance plan. The Authority pays monthly health insurance premiums up to \$730, \$1,460, \$1,898 for a retiree, couple, and family, respectively.

**CONTRA COSTA TRANSPORTATION AUTHORITY**

Notes to Basic Financial Statements

June 30, 2019

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (Continued)**

**Employees covered by benefit terms:** At June 30, 2018, the most recent valuation date, the following employees were covered by the benefit terms:

	Number of Covered Participants
Inactive plan members or beneficiaries currently receiving benefits	10
Active plan members	19
	29

**Net OPEB Liability and assumptions:** The Authority’s net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2018.

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
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 1997-2011 Experience Study projected fully generational using scale MP-16
Disabled Mortality	CalPERS 1997-2011 Experience Study projected fully generational using scale MP-16
Healthcare 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.

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:

**CONTRA COSTA TRANSPORTATION AUTHORITY**

Notes to Basic Financial Statements

June 30, 2019

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (Continued)**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	57%	4.82%
Fixed Income	27%	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, 2018 are as follows (in thousands):

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2018 (Measurement Date June 30, 2017)	\$ 3,660	\$ 3,641	\$ 19
Changes recognized for the measurement period:			
Service cost	238	-	238
Interest	259	-	259
Contributions - employer	-	291	(291)
Net investment income	-	297	(297)
Benefit payments	(124)	(124)	-
Administrative expense	-	(7)	7
Net Change	373	457	(84)
Balance at June 30, 2019 (Measurement Date June 30, 2018)	\$ 4,033	\$ 4,098	\$ (65)

**CONTRA COSTA TRANSPORTATION AUTHORITY**

Notes to Basic Financial Statements

June 30, 2019

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (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)	\$ 448	\$ (65)	\$ (491)

***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 (4.5%)	Current Healthcare Cost TrendRate (5.5%)	1% Increase (6.5%)
Net OPEB Liability (Asset)	\$ (512)	\$ (65)	\$ 483

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, 2019 is \$216.

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	n/a
Differences between expected and actual experience	n/a

**CONTRA COSTA TRANSPORTATION AUTHORITY**

Notes to Basic Financial Statements

June 30, 2019

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (Continued)**

As of fiscal year ended June 30, 2019, 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	\$ 325	\$ -
Net difference between projected and actual earnings on OPEB plan investments	-	110
	<u>\$ 325</u>	<u>\$ 110</u>

The \$325 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, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in expense as follows (in thousands):

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ (33)
2021	(33)
2022	(34)
2023	(10)
	<u>\$ (110)</u>

**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 Plans). 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 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.

# CONTRA COSTA TRANSPORTATION AUTHORITY

Notes to Basic Financial Statements

June 30, 2019

## 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, 2019, 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, 2019, the Authority had an unrestricted net position deficit amounting to \$537.4 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 \$1.715 billion in capital assets. These assets are reflected on other governments' financial statements in accordance with generally accepted accounting principles.

**CONTRA COSTA TRANSPORTATION AUTHORITY**

Notes to Basic Financial Statements

June 30, 2019

**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 have \$2 thousand in nonspendable and \$ 137.141 million in restricted fund balance at June 30, 2019 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, 2019, the Authority had outstanding commitments approximating \$281.9 million. These commitments include \$94.3 million to Caltrans-Department of Transportation, \$66.1 million to Brosamer & Wall Inc., \$49.7 million to Bay Cities Paving and Grading, \$10.1 million to the San Francisco Bay Area Rapid Transit District (BART) system, \$7.1 million to HANNA Group, \$7.5 million to Contra Costa County and \$6.8 million to WSP USA Inc. for Authority projects related to Caldecott Tunnel, State Highway Route 4 widening, SR4/SR160 Interchange Improvements, I-680 HOV Lane Completion and Express Lane, El Cerrito de Norte BART Station Modernization, eBART Antioch Parking Lot Expansion, Kirker Pass Road Northbound Truck Climbing Lanes.

The Authority leases its office facility and certain office equipment under operating lease agreements. During the year ended June 30, 2019, lease expenditures approximated \$377 thousand. A schedule of future minimum lease payments on noncancelable operating leases follows (in thousands):

Year Ending June 30:	
2020	\$ 390
2021	404
2022	401
2023	451
2024	463
2025-2027	<u>1,008</u>
	<u>\$ 3,117</u>

**CONTRA COSTA TRANSPORTATION AUTHORITY**  
 Required Supplementary Information (Unaudited)  
 Schedule of Proportionate Share of the Net Pension Liability and Related Ratios  
 As of June 30, 2019  
 Last 10 Years\*  
 (Dollars In Thousands)

	2015	2016	2017	2018	2019
Proportion of net pension liability	0.03557%	0.00001%	0.00896%	0.01157%	0.01083%
Proportionate share of the net pension liability	\$ 2,213	\$ -	\$ 776	\$ 1,147	\$ 1,044
Covered payroll	\$ 2,087	\$ 2,215	\$ 2,430	\$ 2,416	\$ 2,548
Proportionate share of the net pension liability as a percentage of covered payroll	106.04%	0.00%	31.93%	47.48%	40.97%
Plan fiduciary net position as a percentage of total pension liability	80.43%	78.40%	74.06%	73.31%	75.26%

**Notes to Schedule:**

Changes in assumptions - The discount rate was changed from 7.50 percent (net of administrative expense) to 7.65 percent in 2016

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

**CONTRA COSTA TRANSPORTATION AUTHORITY**

Required Supplementary Information (Unaudited)

Schedule of Contributions - Pension Plan

As of June 30, 2019

Last 10 Years\*

(Dollars In Thousands)

Fiscal year	2014	2015	2016	2017	2018	2019
Contractually required contribution (actuarially determined)	\$ 318	\$ 207	\$ 206	\$ 226	\$ 229	\$ 256
Contractually in relation to the actuarially determined contributions	(318)	(207)	(206)	(226)	(229)	(256)
One time lump sump contribution	-	(2,210)	-	-	-	(1,238)
Contribution deficiency (excess)	\$ -	\$ (2,210)	\$ -	\$ -	\$ -	\$ (1,238)
Covered payroll	\$ 2,087	\$ 2,215	\$ 2,430	\$ 2,416	\$ 2,547	\$ 2,548
Contributions as a percentage of covered payroll	15.24%	109.12%	8.48%	9.35%	8.99%	58.63%

**Notes to Schedule:**

The actuarial methods and assumptions used to determine the fiscal year 2019 contribution rates are as follows:A25

Valuation date:	6/30/2016
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level percent of payroll
Remaining Amortization Period	15 years as of the valuation date
Asset Valuation Method	15 year smooth market
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.375% net of pension plan investment and administrative expenses, includes inflation
Retirement Age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB 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 six 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, 2019  
 Last 10 Years\*  
 (Dollars in thousands)

	2018	2019
<b>Total OPEB liability</b>		
Service cost	\$ 231	\$ 238
Interest on total OPEB liability	235	259
Benefits payments, including refunds of employee contributions	(106)	(124)
<b>Net change in total OPEB liability</b>	<b>360</b>	<b>373</b>
<b>Total OPEB liability - beginning</b>	<b>3,300</b>	<b>3,660</b>
<b>Total OPEB liability - ending</b>	<b>3,660</b>	<b>4,033</b>
<b>Plan fiduciary net position</b>		
Contributions - Employer	278	291
Net investment income	346	297
Benefit payments, including refunds of employee contributions	(106)	(124)
Administrative expense	(2)	(7)
<b>Net change in plan fiduciary net position</b>	<b>516</b>	<b>457</b>
<b>Plan fiduciary net position - beginning</b>	<b>3,125</b>	<b>3,641</b>
<b>Plan fiduciary net position - ending</b>	<b>3,641</b>	<b>4,098</b>
<b>Plan net OPEB liability / (asset) - ending</b>	<b>\$ 19</b>	<b>\$ (65)</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>99.48%</b>	<b>101.61%</b>
<b>Covered payroll</b>	<b>\$ 2,416</b>	<b>\$ 2,548</b>
<b>Plan net OPEB liability as a percentage of covered payroll</b>	<b>0.79%</b>	<b>-2.55%</b>

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

**CONTRA COSTA TRANSPORTATION AUTHORITY**

Required Supplementary Information (Unaudited)

Schedule of Contributions - OPEB Plan

As of June 30, 2019

Last 10 Years\*

(Dollars In Thousands)

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contribution	\$ 278	\$ 292	\$ 325
Contractually in relation to the actuarially determined	<u>(278)</u>	<u>(292)</u>	<u>(325)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,416	\$ 2,547	\$ 2,548
Contributions as a percentage of covered payroll	11.50%	11.46%	12.76%

Actuarially determined contribution for fiscal year	June 30, 2019
Valuation date:	June 30, 2018
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 years later Medicare: 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and years later
Mortality	CalPERS 1997-2011 experience study
Mortality improvement	Mortality projected fully generational with Scale

\* Fiscal year 2018 was the first year of implementation of GASB Statement No. 75, therefore only three 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, 2019**  
(In thousands)

	<b>Measure J Bonds</b>			
	<b>Budget</b>		<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Investment income	\$ 600	\$ 1,000	\$ 1,296	\$ 296
Total Revenues	<u>600</u>	<u>1,000</u>	<u>1,296</u>	<u>296</u>
<b>Expenditures</b>				
Debt service:				
Principal	16,350	16,350	16,350	-
Interest and related fees	22,544	21,234	20,852	382
Issuance costs	-	14,142	14,003	139
Total Expenditures	<u>38,894</u>	<u>51,726</u>	<u>51,205</u>	<u>521</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(38,294)</u>	<u>(50,726)</u>	<u>(49,909)</u>	<u>817</u>
<b>Other Financing Sources (Uses)</b>				
Bond proceeds	-	195,030	195,030	-
Premium on bonds issued	-	20,319	20,319	-
Refunded bond	-	(201,450)	(201,450)	-
Transfer in	38,894	37,584	35,986	(1,598)
Transfer out	(58,500)	(53,500)	(43,595)	9,905
Total Other Financing Sources (Uses)	<u>(19,606)</u>	<u>(2,017)</u>	<u>6,290</u>	<u>8,307</u>
Change in Fund Balances	<u>\$ (57,900)</u>	<u>\$ (52,743)</u>	<u>(43,619)</u>	<u>\$ 9,124</u>
Fund Balances - Beginning			<u>72,259</u>	
Fund Balances - Ending			<u>\$ 28,640</u>	

**CONTRA COSTA TRANSPORTATION AUTHORITY**  
**OTHER GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2019**  
(In thousands)

	<b>Measure J Paratransit</b>	<b>Measure J Commute Alternatives</b>	<b>Air Quality</b>	<b>GoMentum</b>	<b>Total Non-Major Special Revenue Funds</b>
<b>Assets</b>					
Cash and investments	\$ 9,121	\$ 1,099	\$ 2,410	\$ 786	\$ 13,416
Receivables:					
Sales tax	787	157	-	-	944
<b>Total Assets</b>	<b>\$ 9,908</b>	<b>\$ 1,256</b>	<b>\$ 2,410</b>	<b>\$ 786</b>	<b>\$ 14,360</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ -	\$ 271	\$ 363	\$ 229	\$ 863
Deposits payable (Note 6)	-	-	-	400	400
<b>Total Liabilities</b>	<b>-</b>	<b>271</b>	<b>363</b>	<b>629</b>	<b>1,263</b>
<b>Fund Balances</b>					
Restricted:					
Paratransit program	9,908	-	-	-	9,908
Commute alternatives	-	985	-	-	985
Air quality	-	-	2,047	-	2,047
GoMentum	-	-	-	157	157
<b>Total Fund Balances</b>	<b>9,908</b>	<b>985</b>	<b>2,047</b>	<b>157</b>	<b>13,097</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 9,908</b>	<b>\$ 1,256</b>	<b>\$ 2,410</b>	<b>\$ 786</b>	<b>\$ 14,360</b>

**CONTRA COSTA TRANSPORTATION AUTHORITY**  
**OTHER GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
(In thousands)

	<b>Measure J Paratransit</b>	<b>Measure J Commute Alternatives</b>	<b>Air Quality</b>	<b>GoMentum</b>	<b>Total Non-Major Special Revenue Funds</b>
<b>Revenues</b>					
Sales tax	\$ 4,830	\$ 966	\$ -	\$ -	\$ 5,796
Investment income	481	48	99	8	636
Federal Congestion Mitigation (CMAQ)	-	58	-	-	58
State Transportation Agency Grant (GMS)	-	-	-	628	628
Contributions	-	-	-	568	568
State Motor Vehicle Registration Surcharge (TFCA)	-	-	1,597	-	1,597
<b>Total Revenues</b>	<b>5,311</b>	<b>1,072</b>	<b>1,696</b>	<b>1,204</b>	<b>9,283</b>
<b>Expenditures</b>					
Current expenditures:					
Program Management:					
Salaries and employee benefits	-	-	-	125	125
Programs:					
Paratransit	4,017	-	-	-	4,017
Commute alternatives	-	1,062	-	-	1,062
Air Quality	-	-	1,522	-	1,522
GoMentum	-	-	-	922	922
<b>Total Expenditures</b>	<b>4,017</b>	<b>1,062</b>	<b>1,522</b>	<b>1,047</b>	<b>7,648</b>
Net Change in Fund Balances	1,294	10	174	157	1,635
Fund Balances - Beginning	8,614	975	1,873	-	11,462
Fund Balances - Ending	<b>\$ 9,908</b>	<b>\$ 985</b>	<b>\$ 2,047</b>	<b>\$ 157</b>	<b>\$ 13,097</b>

**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, 2019**  
(In thousands)

	<u>Budget</u>			<b>Variance with Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Sales tax	\$ 4,557	\$ 4,557	\$ 4,830	\$ 273
Investment income	100	150	481	331
Total Revenues	<u>4,657</u>	<u>4,707</u>	<u>5,311</u>	<u>604</u>
<b>Expenditures</b>				
Current expenditures:				
Program:				
Paratransit	3,799	3,845	4,017	(172)
Total Expenditures	<u>3,799</u>	<u>3,845</u>	<u>4,017</u>	<u>(172)</u>
Change in Fund Balance	<u>\$ 858</u>	<u>\$ 862</u>	1,294	<u>\$ 432</u>
Fund Balance - Beginning			<u>8,614</u>	
Fund Balance - Ending			<u>\$ 9,908</u>	

**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, 2019**  
(In thousands)

	<u>Budget</u>			<b>Variance with Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Sales tax	\$ 912	\$ 912	\$ 966	\$ 54
Investment income	15	20	48	28
Federal Congestion Mitigation (CMAQ)	150	150	58	(92)
Total Revenues	<u>1,077</u>	<u>1,082</u>	<u>1,072</u>	<u>(10)</u>
<b>Expenditures</b>				
Current expenditures:				
Program:				
Commuter alternatives	1,162	1,162	1,062	100
Total Expenditures	<u>1,162</u>	<u>1,162</u>	<u>1,062</u>	<u>100</u>
Change in Fund Balance	<u>\$ (85)</u>	<u>\$ (80)</u>	10	<u>\$ 90</u>
Fund Balance - Beginning			<u>975</u>	
Fund Balance - Ending			<u>\$ 985</u>	

**CONTRA COSTA TRANSPORTATION AUTHORITY**  
**AIR QUALITY**  
**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
(In thousands)

	<u>Budget</u>			<b>Variance with Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Investment income	\$ 20	\$ 25	\$ 99	\$ 74
State Motor Vehicle Registration Surcharge	1,695	1,695	1,597	(98)
Total Revenues	<u>1,715</u>	<u>1,720</u>	<u>1,696</u>	<u>(24)</u>
<b>Expenditures</b>				
Current expenditures:				
Program:				
Air Quality	1,695	1,699	1,522	177
Total Expenditures	<u>1,695</u>	<u>1,699</u>	<u>1,522</u>	<u>177</u>
Change in Fund Balance	<u>\$ 20</u>	<u>\$ 21</u>	174	<u>\$ 153</u>
Fund Balance - Beginning			<u>1,873</u>	
Fund Balance - Ending			<u>\$ 2,047</u>	

**CONTRA COSTA TRANSPORTATION AUTHORITY**  
**GOMENTUM**  
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2019  
(In thousands)

	<u>Budget</u>			<b>Variance with Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Investment income	\$ -	\$ 12	\$ 8	\$ (4)
State Transportation Agency Grant (GMS)	1,350	957	628	(329)
Contributions	-	270	568	298
<b>Total Revenues</b>	<u>1,350</u>	<u>1,239</u>	<u>1,204</u>	<u>(35)</u>
<b>Expenditures</b>				
Current expenditures:				
Program Management:				
Salaries and employee benefits	-	269	125	144
Program:				
GoMentum	1,350	950	922	28
<b>Total Expenditures</b>	<u>1,350</u>	<u>1,219</u>	<u>1,047</u>	<u>172</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ 20</u>	157	<u>\$ 137</u>
Fund Balance - Beginning			-	
Fund Balance - Ending			<u>\$ 157</u>	



This Page Intentionally Left Blank.

# *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)*

	<u>2010</u>	<u>2011</u>	<u>2012 (b)</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Governmental Activities</b>										
Net Investment in capital assets	\$ 556	\$ 948	\$ 728	\$ 582	\$ 482	\$ 440	\$ 367	\$ 402	\$ 328	\$ 260
Restricted for:										
Transportation projects and programs	142,031	214,208	196,826	291,500	230,932	152,107	187,528	252,914	200,636	137,143
Unrestricted deficit	<u>(118,558)</u>	<u>(199,187)</u>	<u>(200,177)</u>	<u>(409,613)</u>	<u>(413,146)</u>	<u>(399,074)</u>	<u>(489,151)</u>	<u>(572,520)</u>	<u>(557,967)</u>	<u>(537,415)</u>
<b>TOTAL NET POSITION (a)</b>	<u>\$ 24,029</u>	<u>\$ 15,969</u>	<u>\$ (2,623)</u>	<u>\$ (117,531)</u>	<u>\$ (181,732)</u>	<u>\$ (246,527)</u>	<u>\$ (301,256)</u>	<u>\$ (319,204)</u>	<u>\$ (357,003)</u>	<u>\$ (400,012)</u>

**(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)**

<b>Governmental Activities</b>	<b>Fiscal Year Ending June 30:</b>									
	<b>2010 (a)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Expenses										
Administration	\$ 1,560	\$ 1,533	\$ 1,768	\$ 1,789	\$ 2,077	\$ 2,030	\$ 1,692	\$ 3,615	\$ 2,181	\$ 1,965
Project management	697	659	718	1,022	1,084	1,231	1,910	1,667	2,162	1,995
Programs	25,975	26,437	27,785	30,119	33,407	34,155	37,397	36,530	37,502	41,877
Transportation projects	36,321	52,468	65,403	197,337	147,827	142,860	130,525	81,077	69,539	108,989
Regional planning	1,131	1,487	661	753	1,241	1,907	2,763	984	845	948
Congestion management	1,278	1,426	1,674	2,096	1,704	2,240	2,643	2,267	1,726	1,551
Transportation demand management	1,935	1,509	1,355	996	1,188	1,235	1,424	1,396	1,501	1,522
Transportation planning land use solutions	133	275	134	227	317	160	199	91	140	88
Transportation innovation -GoMentum	-	-	-	-	-	-	-	-	-	1,047
Interest and related fees	19,682	8,277	8,432	10,529	16,856	15,385	15,790	17,800	20,074	18,168
<b>Total expenses</b>	<b>88,712</b>	<b>94,071</b>	<b>107,930</b>	<b>244,868</b>	<b>205,701</b>	<b>201,203</b>	<b>194,343</b>	<b>145,427</b>	<b>135,670</b>	<b>178,150</b>
Program Revenues										
Operating and capital grants and contributions	14,366	19,219	20,461	54,703	64,498	58,335	54,234	41,738	5,877	31,575
<b>Net (Expense) / Revenue and Changes in Net Position</b>	<b>(74,346)</b>	<b>(74,852)</b>	<b>(87,469)</b>	<b>(190,165)</b>	<b>(141,203)</b>	<b>(142,868)</b>	<b>(140,109)</b>	<b>(103,689)</b>	<b>(129,793)</b>	<b>(146,575)</b>
General Revenues:										
Sales taxes	61,527	65,061	68,729	74,798	75,899	79,455	83,468	85,106	90,863	96,608
Investment income	1,543	1,674	1,050	449	1,100	1,128	1,911	635	1,636	6,956
Miscellaneous	21	57	11	10	3	-	1	-	1	2
<b>Total general revenues</b>	<b>63,091</b>	<b>66,792</b>	<b>69,790</b>	<b>75,257</b>	<b>77,002</b>	<b>80,583</b>	<b>85,380</b>	<b>85,741</b>	<b>92,500</b>	<b>103,566</b>
<b>Change in net position</b>	<b>\$ (11,255)</b>	<b>\$ (8,060)</b>	<b>\$ (17,679)</b>	<b>\$ (114,908)</b>	<b>\$ (64,201)</b>	<b>\$ (62,285)</b>	<b>\$ (54,729)</b>	<b>\$ (17,948)</b>	<b>\$ (37,293)</b>	<b>\$ (43,009)</b>

(a) The amount was restated in fiscal year ended June 30, 2011 to correct the accounting treatment of the interest rate swap hedging transactions. The Authority determined the swap was an effective hedge. An effective hedge should report the changes in fair value as deferred inflows or outflows on the statement of net position, rather than flow the changes through the statement of activities.

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

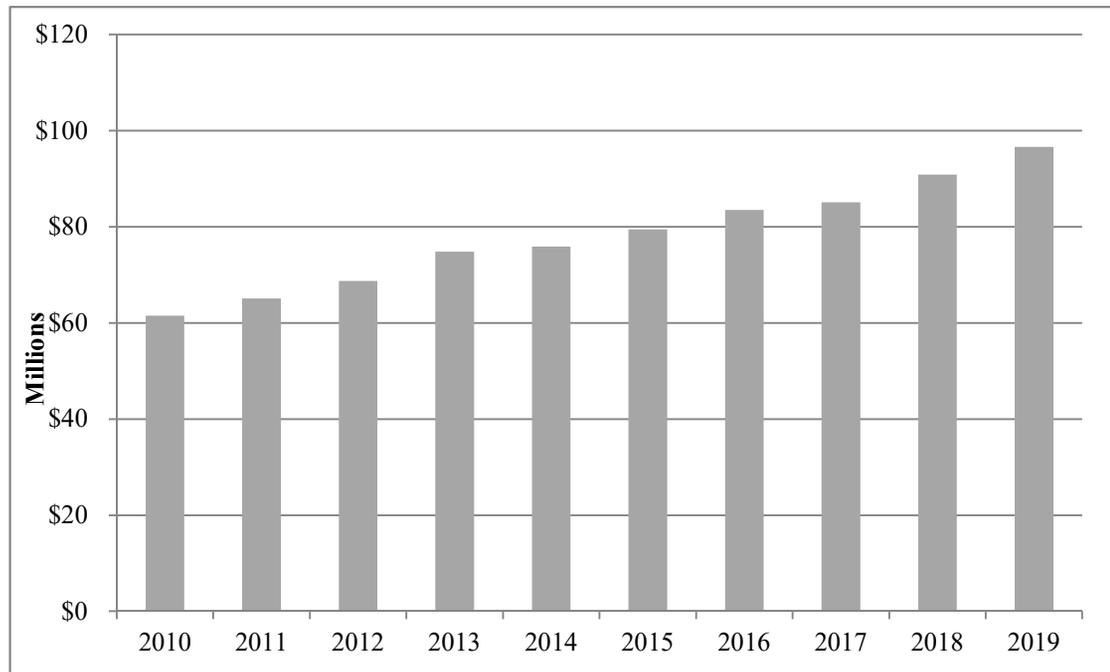
	Fiscal Year Ending June 30:									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Sales tax	\$ 61,527	\$ 65,061	\$ 68,729	\$ 74,798	\$ 75,899	\$ 79,455	\$ 83,468	\$ 85,106	\$ 90,863	\$ 96,608
Investment income	1,543	1,674	1,050	449	1,100	1,128	1,911	635	1,636	6,956
Federal grants and contributions	3,627	1,406	1,049	503	4,096	2,679	2,106	3,387	1,377	1,831
State grants and contributions	1,764	898	492	827	3,670	2,189	6,090	10,986	583	5,320
Local grants and contributions	8,975	6,866	28,968	36,568	71,270	51,660	48,795	26,631	5,725	24,301
Miscellaneous revenue	21	57	11	10	3	-	1	-	1	2
<b>Total Revenues</b>	<b>77,457</b>	<b>75,962</b>	<b>100,299</b>	<b>113,155</b>	<b>156,038</b>	<b>137,111</b>	<b>142,371</b>	<b>126,745</b>	<b>100,185</b>	<b>135,018</b>
<b>Expenditures</b>										
<b>Current expenditures:</b>										
<b>Administration:</b>										
Salaries and employee benefits	567	484	512	506	614	2,834	666	668	629	1,864
Services, supplies & capital outlay	1,102	1,411	1,005	1,102	1,326	1,409	1,277	2,568	1,326	1,323
<b>Project Management:</b>										
Salaries and employee benefits	692	650	712	1,018	1,065	1,179	1,650	1,566	1,883	1,825
Services, supplies & capital outlay	5	9	6	5	19	52	260	102	279	169
<b>Programs:</b>										
Carpool/Commute alternatives	554	538	671	923	937	773	659	594	920	1,062
Additional paratransit	304	408	416	704	767	783	948	878	953	1,130
Bus transit enhancements	2,224	2,225	2,159	2,231	2,596	2,689	2,967	2,897	2,890	3,133
Ferry service	-	-	-	-	-	-	-	-	-	1,240
Paratransit	-	2,246	2,403	2,563	3,137	3,313	3,764	3,310	3,223	4,017
Express bus program	2,646	2,625	2,747	2,754	3,338	3,498	3,793	3,643	3,769	3,508
Bus transit and improvement program	3,075	3,047	3,187	3,205	3,885	4,036	4,408	4,257	4,388	4,091
Safe transportation for children	2,605	2,277	2,394	2,712	3,500	3,100	4,089	3,852	3,106	4,287
Local street and maintenance	11,075	11,711	12,371	13,464	13,662	14,302	15,024	15,319	16,355	17,390
Subregional local street and maintenance	1,286	1,360	1,437	1,563	1,586	1,661	1,745	1,779	1,899	2,019
<b>Transportation Projects:</b>										
Highways and arterials	9,240	6,582	2,669	6,673	7,009	5,131	4,237	1,766	5,964	2,535
Transit	842	11,123	10,245	16,828	6,326	3,514	9,461	121	20	643
Capital improvement projects	23,887	34,037	49,559	170,427	122,518	114,379	101,324	62,729	43,671	87,448
Countywide capital and maintenance projects	140	69	235	976	3,325	5,337	6,793	7,716	14,012	10,841
Subregional projects	2,212	657	2,696	2,434	8,647	14,499	8,710	8,744	5,872	7,524
<b>Regional Planning:</b>										
Salaries and employee benefits	458	394	394	233	249	280	386	393	352	427
Services, supplies & capital outlay	673	1,093	268	519	992	1,626	2,377	591	493	521
<b>Congestion Management:</b>										
Salaries and employee benefits	1,155	1,302	1,447	1,311	1,171	1,371	912	1,019	880	1,024
Services, supplies & capital outlay	123	124	226	785	533	869	1,730	1,248	846	527
<b>Transportation Demand Management:</b>										
Salaries and employee benefits	66	67	67	68	69	71	73	78	98	100
Contributions to other agencies	1,869	1,442	1,288	928	1,120	1,165	1,351	1,317	1,403	1,422
<b>Transportation Planning Land Use Solutions:</b>										
Salaries and employee benefits	7	33	65	87	157	91	70	73	140	88
Services, supplies & capital outlay	126	242	68	140	160	69	129	18	-	-
<b>Transportation innovation -GoMentum:</b>										
Salaries and employee benefits	-	-	-	-	-	-	-	-	-	125
Services, supplies & capital outlay	-	-	-	-	-	-	-	-	-	922
<b>Debt service:</b>										
Bond principal	-	-	-	-	11,860	12,095	12,460	15,305	15,225	16,350
Note principal	-	200,990	-	200,990	-	-	-	-	-	-
Interest and related fees	11,154	8,242	8,386	9,319	16,038	15,810	15,183	18,893	21,794	20,852
Issuance costs	1,183	994	-	1,457	-	-	975	381	73	14,003
<b>Total Expenditures</b>	<b>81,477</b>	<b>295,392</b>	<b>107,633</b>	<b>445,925</b>	<b>216,606</b>	<b>215,936</b>	<b>207,421</b>	<b>161,825</b>	<b>152,463</b>	<b>212,410</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(4,020)</b>	<b>(219,430)</b>	<b>(7,334)</b>	<b>(332,770)</b>	<b>(60,568)</b>	<b>(78,825)</b>	<b>(65,050)</b>	<b>(35,080)</b>	<b>(52,278)</b>	<b>(77,392)</b>
<b>Other Financing Sources (Uses)</b>										
Bond proceeds	200,000	200,990	-	390,220	-	-	166,640	83,570	-	195,030
Premium	4,072	-	-	37,224	-	-	32,066	16,896	-	20,319
Payment to refunded bond escrow agent	-	-	-	-	-	-	(98,235)	-	-	(201,450)
Swap termination	(11,417)	-	-	-	-	-	-	-	-	-
Transfer in	98,659	113,259	36,361	142,605	91,861	108,152	105,214	74,885	78,111	79,581
Transfer out	(98,659)	(113,259)	(36,361)	(142,605)	(91,861)	(108,152)	(105,214)	(74,885)	(78,111)	(79,581)
<b>Total Other Financing Sources (Uses)</b>	<b>192,655</b>	<b>200,990</b>	<b>-</b>	<b>427,444</b>	<b>-</b>	<b>-</b>	<b>100,471</b>	<b>100,466</b>	<b>-</b>	<b>13,899</b>
<b>Net Change in Fund Balances</b>	<b>188,635</b>	<b>(18,440)</b>	<b>(7,334)</b>	<b>94,674</b>	<b>(60,568)</b>	<b>(78,825)</b>	<b>35,421</b>	<b>65,386</b>	<b>(52,278)</b>	<b>(63,493)</b>
<b>Fund Balances - Beginning</b>	<b>33,965</b>	<b>222,600</b>	<b>204,160</b>	<b>196,826</b>	<b>291,500</b>	<b>230,932</b>	<b>152,107</b>	<b>187,528</b>	<b>252,914</b>	<b>200,636</b>
<b>Fund Balances - Ending</b>	<b>\$ 222,600</b>	<b>\$ 204,160</b>	<b>\$ 196,826</b>	<b>\$ 291,500</b>	<b>\$ 230,932</b>	<b>\$ 152,107</b>	<b>\$ 187,528</b>	<b>\$ 252,914</b>	<b>\$ 200,636</b>	<b>\$ 137,143</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>13.73%</b>	<b>70.65%</b>	<b>7.80%</b>	<b>47.16%</b>	<b>12.88%</b>	<b>12.93%</b>	<b>13.33%</b>	<b>21.15%</b>	<b>24.28%</b>	<b>17.52%</b>

**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 (a):									
	2010 (b)	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Fund</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2
Restricted	24,946	40,025	55,501	61,275	70,736	72,338	95,816	107,053	102,870	85,387
<b>All Other Governmental Funds</b>										
Restricted	112,197	97,118	81,642	75,868	66,407	64,805	41,327	30,090	34,273	51,754
<b>Total Governmental Funds</b>										
Restricted	<u>\$ 137,143</u>	<u>\$ 137,143</u>	<u>\$ 137,143</u>	<u>\$ 137,143</u>	<u>\$ 137,143</u>	<u>\$ 137,143</u>	<u>\$ 137,143</u>	<u>\$ 137,143</u>	<u>\$ 137,143</u>	<u>\$ 137,143</u>

- (a) The Authority implemented GASB Statement No. 54 under which governmental balances are reported as nonspendable, restricted, committed and unassigned during fiscal year 2011.
- (b) Prior to fiscal year 2010, Measure C was the General Fund since it provided the operating funds for the Authority until March 31, 2009. Afterwards Measure J provided the operating funds and was reclassified as the General Fund.

**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)
2010	0.5%	\$61,527,225	-4.34%	\$11,953,846,000
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%	Not Available
2019	0.5%	\$96,608,409	6.32%	Not Available

(A) Source: California Department of Tax and Fee Administration (CDTFA). The CDTFA data is based on calendar year through 2017.

**CONTRA COSTA TRANSPORTATION AUTHORITY**  
**TAXABLE SALES BY TYPE OF BUSINESS**  
**CALENDAR YEAR 2017 & 2016**  
**(In Thousands)**

Type of Business	2017	2016	\$ Difference	% Difference
Motor Vehicle and Parts Dealers	\$ 2,466,061	\$ 2,389,936	\$ 76,125	3.2%
Home Furnishings and Appliance Stores	710,526	718,157	(7,631)	-1.1%
Building Material & Garden Equip. and Supplies Dealers	1,159,632	1,069,948	89,684	8.4%
Food and Beverage Stores	894,222	841,672	52,550	6.2%
Gasoline Stations	1,409,204	1,249,397	159,807	12.8%
Clothing and Clothing Accessories Stores	956,380	940,766	15,614	1.7%
General Merchandise Stores	1,453,078	1,418,462	34,616	2.4%
Food Services and Drinking Places	1,786,381	1,704,675	81,706	4.8%
Other Retail Group	1,467,380	1,413,796	53,584	3.8%
<i>Total Retail and Food Services</i>	12,302,864	11,746,809	556,055	4.7%
<i>All Other Outlets</i>	4,255,971	4,177,783	78,188	1.9%
<b>Total All Outlets</b>	<b>\$ 16,558,835</b>	<b>\$ 15,924,592</b>	<b>\$ 634,243</b>	<b>4.0%</b>

Source: California Department of Tax and Fee Administration (*most recent available*)

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

Fiscal Year Ended June 30:	Debt Service			Outstanding Debt				Outstanding Debt per Capita	Percentage of Personal Income
	Principal	Interest	Total	Sales Tax Bonds	Sales Tax Revenue Notes	Commercial Paper	Total Debt		
2010	-	11,154	11,154	-	200,000	-	\$ 200,000	\$ 0.19	0.35%
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 (a)	16,350	20,852	37,202	534,974	-	-	534,974	0.46	0.54%

(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 2010-2019**

<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (b) (In thousands)</u>	<u>Per Capita Personal Income (b)</u>	<u>Outstanding Debt per Capita</u>	<u>Labor Force (c)</u>	<u>Employment (c)</u>	<u>Unemployment (c)</u>	<u>Unemployment Rate (c)</u>
2010	1,052,605	\$ 56,904,408	54,061	0.19	523,800	465,500	58,300	11.1%
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	0.46	564,600	546,800	17,800	3.2%

\* 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**

<b>Employer</b>	<b>2019</b>			<b>2010</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percent of Total County Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percent of Total County Employment</b>
Chevron Corp	10,000+	1	1.83%	5,000-9,999	1	1.50%
John Muir Medical	5,000-9,999	2	1.37%	1,000-4,999	3	0.75%
Kaiser Permanente	5,000-9,999	3	1.37%	1,000-4,999	2	1.07%
BART	1,000-4,999	4	0.82%	1,000-4,999	4	0.64%
Bio-Rad Laboratories Inc.	1,000-4,999	5	0.59%	1,000-4,999	6	0.24%
Chevron Global Downstream LLC	1,000-4,999	6	0.59%			
Contra-Costa Regional Medical Center	1,000-4,999	7	0.55%			
USS Posco Industries	1,000-4,999	8	0.55%	1,000-4,999	10	0.21%
Chevron Richmond Refinery	1,000-4,999	9	0.55%			
St Mary's College	1,000-4,999	10	0.46%			
AT&T				1,000-4,999	5	0.67%
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	484,200		88.55%	377,900		81.18%
<b>Total</b>	<b>546,800</b>		<b>97.24%</b>	<b>465,500</b>		<b>87.20%</b>

Source: State of California Employment Development Department

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

**Full-time Equivalent Employees**

<b>Functions/Programs</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Governmental Activities:										
Administration	3.76	3.28	3.35	3.37	3.80	3.59	3.70	3.74	2.97	2.80
Project management	4.88	4.69	4.95	7.02	6.89	6.74	8.37	8.69	9.04	8.74
Programs	0.53	0.50	0.38	0.49	0.54	0.69	0.83	0.94	0.92	1.13
Regional planning	2.90	2.70	2.35	1.54	1.48	1.53	1.52	1.26	1.66	1.91
Congestion management	6.32	7.09	7.13	6.50	5.85	6.46	4.65	4.70	4.29	4.58
Transportation demand management	0.58	0.57	0.49	0.62	0.58	0.53	0.52	0.33	0.46	0.45
Transportation planning land use solutions	0.03	0.17	0.35	0.46	0.86	0.46	0.41	0.34	0.66	0.39
<b>Total</b>	<b>19.00</b>	<b>19.00</b>	<b>19.00</b>	<b>20.00</b>						

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

<b>Functions/Programs (a)</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
General Government:										
Accounts Payable Invoices Processed	1,520	1,628	1,555	1,646	2,050	2,171	2,127	1,791	1,791	1,644
Number of Payments Processed (c)	1,215	1,179	1,129	1,219	1,466	1,605	1,645	1,517	2,184	2,109
Number of Contracts Processed	90	67	92	99	95	99	83	104	105	144
Purchase Orders Issued (b)	211	90	97	118	115	100	101	98	94	97
Number of Journals Processed	1,659	1,611	1,783	1,533	1,454	1,399	1,528	1,333	1,183	1,056
Number of Receipts Processed	90	84	89	88	103	89	94	77	63	70
<b>Total</b>	<b>4,785</b>	<b>4,659</b>	<b>4,745</b>	<b>4,703</b>	<b>5,283</b>	<b>5,463</b>	<b>5,578</b>	<b>4,920</b>	<b>5,420</b>	<b>5,120</b>

Source: Authority's Finance Department

(a) Beginning FY 2010, the Authority implemented a new accounting software package.

(b) In FY 2010, additional purchase orders were set up to accommodate the data load into the new system.

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

<b>Functions/Programs (a)</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
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
<b>Total</b>	<b>2</b>									

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, Statutes 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.