Bay Area Metro Center
375 Beale Street
San Francisco, CA 94105

Meeting Agenda

MTC Audit Committee

Wednesday, November 16, 2022	9:05 AM	HYBRID (In-Person Option Available)

The MTC Audit Committee is scheduled to meet on Wednesday, November 16, 2022 at 9:05 a.m., in the Bay Area Metro Center (HYBRID with In-person option available). In light of Governor Newsom's State of Emergency declaration regarding COVID-19 and in accordance with Assembly Bill 361's (Rivas) provisions allowing remote meetings, this meeting will be accessible via webcast, teleconference, and Zoom for all participants. A Zoom panelist link for meeting participants will be sent separately to committee, commission, or board members.

Meeting attendees may opt to attend in person for public comment and observation at 375 Beale Street, Board Room (1st Floor). In-person attendees must adhere to posted public health protocols while in the building.

The meeting webcast will be available at https://mtc.ca.gov/whats-happening/meetings/live-webcasts.

Members of the public are encouraged to participate remotely via Zoom at the following link or phone number:
Attendee Link: https://bayareametro.zoom.us/j/84743341073
Or iPhone one-tap: US: +13462487799,,84743341073# or +16694449171,,84743341073#
Or Join by Telephone: (for higher quality, dial a number based on your current location) US:
+1 408 638 0968 or +1 669 900 6833 or +1 253 215 8782 or +1 346 248 7799 or
+1 312 626 6799 or +1 646 876 9923 or +1 301 715 8592 or
877 853 5247 (Toll Free) or 888 788 0099 (Toll Free)
Webinar ID: 847 4334 1073
International numbers available: https://bayareametro.zoom.us/u/kxymsp7Ga

Detailed instructions on participating via Zoom are available at: https://mtc.ca.gov/how-provide-public-comment-board-meeting-zoom. Committee members and members of the public participating by Zoom wishing to speak should use the "raise hand" feature or dial "*9". In order to get the full Zoom experience, please make sure your application is up to date.

Members of the public may participate by phone or Zoom or may submit comments by email at info@bayareametro.gov by 5:00 p.m. the day before the scheduled meeting date. Please include the committee or board meeting name in the subject line. Due to the current circumstances there may be limited opportunity to address comments during the meeting. All comments received will be submitted into the record.

MTC Audit Committee Roster:
Alfredo Pedroza (Chair, Metropolitan Transportation Commission)
Carol Dutra-Vernaci (Chair, Operations Committee), Federal D. Glover (Chair, Administration Committee), David Rabbitt (Chair, Programming and Allocations Committee), Amy R. Worth (Chair, BATA Oversight Committee)

1. Call to Order / Roll Call / Confirm Quorum

Quorum: A quorum of this committee shall be a majority of its regular non-ex-officio voting members (3).

2. Auditor Reports

2a. 22-1505 FY 2021-22 Audit Results and Required Communications

A report by Crowe LLP on the FY 2021-22 financial and compliance audit results for the Metropolitan Transportation Commission and related component units.

Action: Committee Acceptance

Presenter: Kathy Lai, Lead Engagement Partner of Crowe LLP

Attachments: 2a -A-Audit Results and Required Communications

3. FY 2021-22 Financial Reports and Year End Audit Results

3a. 22-1507 FY 2021-22 Financial Reports and Year End Audit Results

Staff requests that the Audit Committee accept the audited financial Reports for FY 2021-22 and approve the retention of Crowe LLP as the MTC External audit firm for FY 2022-23.

Action: Committee Acceptance and Approval

Presenter: Derek Hansel

Attachments: 3a - 1-FY 2021-22 Financial Reports and Year End Audit Results

3a - A MTC FY 2021-22 ACFR Audit Presentation (Management) - 11.10.22

3a - B FY 2021-22 MTC Annual Comprehensive Financial Report

3a - C MTC Reports on Federal Awards in Accordance with OMB

3a - D FY 2021-22 Bay Area Headquarters Authority (BAHA)

3a - E FY 2021-22 Bay Area Infrastructure Financing Authority (BAIFA)

3a - F FY 2021-22 Bay Area Housing Finance Authority (BAHFA)

4. Public Comment / Other Business

5. The next meeting of the MTC Audit Committee will be held on a date and time to be duly noticed.

Public Comment: The public is encouraged to comment on agenda items at Committee meetings by completing a request-to-speak card (available from staff) and passing it to the Committee secretary. Public comment may be limited by any of the procedures set forth in Section 3.09 of MTC's Procedures Manual (Resolution No. 1058, Revised) if, in the chair's judgment, it is necessary to maintain the orderly flow of business.

Meeting Conduct: If this meeting is willfully interrupted or disrupted by one or more persons rendering orderly conduct of the meeting unfeasible, the Chair may order the removal of individuals who are willfully disrupting the meeting. Such individuals may be arrested. If order cannot be restored by such removal, the members of the Committee may direct that the meeting room be cleared (except for representatives of the press or other news media not participating in the disturbance), and the session may continue.

Record of Meeting: Committee meetings are recorded. Copies of recordings are available at a nominal charge, or recordings may be listened to at MTC offices by appointment. Audiocasts are maintained on MTC's Web site (mtc.ca.gov) for public review for at least one year.

Accessibility and Title VI: MTC provides services/accommodations upon request to persons with disabilities and individuals who are limited-English proficient who wish to address Commission matters. For accommodations or translations assistance, please call 415.778.6757 or 415.778.6769 for TDD/TTY. We require three working days' notice to accommodate your request.

可及性和法令第六章：MTC 根據要求向希望來委員會討論有關事宜的殘疾人士及英語有限者提供服務/方便。需要便利設施或翻譯協助者，請致電 415.778.6757 或 415.778.6769 TDD / TTY。我們要求您在三個工作日前告知，以滿足您的要求。

Acceso y el Titulo VI: La MTC puede proveer asistencia/facilitar la comunicación a las personas discapacitadas y los individuos con conocimiento limitado del inglés quienes quieran dirigirse a la Comisión. Para solicitar asistencia, por favor llame al número 415.778.6757 o al 415.778.6769 para TDD/TTY. Requerimos que solicite asistencia con tres días hábiles de anticipación para poderle proveer asistencia.

Attachments are sent to Committee members, key staff and others as appropriate. Copies will be available at the meeting.

All items on the agenda are subject to action and/or change by the Committee. Actions recommended by staff are subject to change by the Committee.

375 Beale Street, Suite 800
San Francisco, CA 94105

Metropolitan Transportation Commission

Legislation Details (With Text)

File #:	22-1505 **Version:** 1	**Name:**	
Type:	Report	**Status:**	Committee Approval
File created:	9/15/2022	**In control:**	MTC Audit Committee
On agenda:	11/16/2022	**Final action:**	
Title:	FY 2021-22 Audit Results and Required Communications A report by Crowe LLP on the FY 2021-22 financial and compliance audit results for the Metropolitan Transportation Commission and related component units.		
Sponsors:			
Indexes:			
Code sections:			
Attachments:	2a -A-Audit Results and Required Communications		

Date	Ver.	Action By	Action	Result

Subject:
FY 2021-22 Audit Results and Required Communications

A report by Crowe LLP on the FY 2021-22 financial and compliance audit results for the Metropolitan Transportation Commission and related component units.

Presenter:
Kathy Lai, Lead Engagement Partner of Crowe LLP

Recommended Action:
Committee Acceptance

Agenda Item 2a Attachment A

Crowe

Smart decisions. Lasting value.™

Metropolitan Transportation Commission

Audit Results and Required Communications

November 16, 2022

Crowe

Dear Members of the Audit Committee of Metropolitan Transportation Commission,

We are pleased to present our report on the audit of Metropolitan Transportation Commission. Our report includes a summary of the audit results and also required auditor communications under professional standards.

Our audit is substantially completed. The remaining open items typical of this stage are the receipt of the management representation letter and standard subsequent event procedures through the date of audit report issuance.

We welcome any questions you or others may have on our audit. Thank you for the opportunity to discuss the audit results.

Sincerely,

Katherine V. Lai

Katherine V. Lai
Engagement Partner

Client Service Team

Rich Perilloux
IT Audit Partner

John Weber
Concurring Review Partner

Kathy Lai
Lead Engagement Partner

Brad Schelle
Audit Partner

Scott Nickerson
Audit Partner

Rachel Snyder
Senior Manager

Cassandra Taylor
IT Audit Senior Manager

Joseph Widjaja
Senior Manager

Erika Alvarez
Senior Manager

Cory Lee
Manager

Tony Boras
GASB Technical Reviewer

Bert Nuehring
Consulting Partner

Chris Moore
Derivatives Partner

Brian Archambeault
Uniform Guidance Technical Reviewer

Erik Nylund
Consulting Managing Director

Matt Geerdes
Accounting Advisory

Agenda

1 Audit Objectives

2 Audit Results

3 Required Communications

Audit Objectives

Engagement Objectives

- The objective of an audit of financial statements is to express an opinion that the financial statements are in accordance with accounting principles generally accepted in the United States.
- The audit of financial statements will be performed in accordance with auditing standards generally accepted in the United States (GAAS) and generally accepted Government Auditing Standards (GAGAS).
- Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement whether caused by error or fraud.
- Our audit includes consideration of internal controls over financial reporting, but we do not express an opinion on the effectiveness of such internal controls. Management is responsible for the design and the effectiveness of internal controls.

Financial Statement Audit Deliverables

Metropolitan Transportation Commission (MTC)

Bay Area Infrastructure Financing Authority (BAIFA)

Bay Area Housing Finance Authority (BAHFA)

Bay Area Headquarters Authority (BAHA)

Preliminary Opinion Units and Standalone Reporting

Metropolitan Transportation Commission

Government-wide Financial Statements

- Governmental Activities
- Business-Type Activities
- BAHA

Fund Financial Statements

- General
- State Transit Assistance
- BART Car Exchange
- BATA
- SAFE
- BAIFA
- AB 664 Net Toll Revenue
- Rail Reserves
- BAHFA
- Aggregate Remaining Funds
- Aggregate Remaining Funds

Standalone audit reporting

Audit Results

Financial Statement Audit Reports

- Independent Auditor's Report on the financial statements as of and for the year ending June 30, 2022.

Entity	Opinion
MTC	Unmodified
BAHA	Unmodified
BAIFA	Unmodified
BAHFA	Unmodified

Other Reporting-Compliance

<u>Uniform Guidance Report (MTC)</u>

- Major Program: Federal Transit Cluster.
- Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance.- No federal findings noted.
- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards.*

  - No instances of non-compliance or other matters noted.
  - **One material weakness noted.**

MTC Internal Control Recommendation

Internal Controls over Financial Reporting for Clipper Activities (Material Weakness)

Background/Context

The Commission has historically accounted for the costs associated with the Clipper fare payment system and related equipment utilized by the participating transit operators as a non-operating expense entitled "Distribution to other agencies for their capital purposes" on the Clipper fund financial statements. Management recorded these transactions in this manner based on their belief that the Clipper fare payment system and related equipment is for the benefit of the transit operators and is not used in MTC's operations; the Commission is not a transit operator, and thus Management believed that the costs associated with the transactions did not meet the definition of a capital asset. In February 2016, the Commission entered into an Amended Memorandum of Understanding with the transit operators in which the Commission undertook additional obligations for creation and maintenance of all copyrights and other intellectual property necessary for the operation of the Clipper fare payment system, as well as for ownership of specified Clipper assets. Management has concluded that "MTC operations" for the purposes of the Clipper system is the service that is provided to the transit operators and not that provided to individual Clipper users. As a result, management reflected prior period adjustments to reflect the Commission's ownership of the license to utilize the Clipper fare payment system and related equipment as capital assets since the Amended MOU was executed in 2016.

For the Clipper fiduciary fund, there were inconsistencies in the evaluation of whether the prepaid unused Clipper cards met the definition of a liability or would be more properly reflected as an addition to the fiduciary fund. To qualify as a liability, an event has to occur to compel the government to disburse the assets of the fiduciary fund. Management determined that the events that need to occur to compel the Commission to disburse the Clipper fiduciary fund assets are primarily the patron utilizing their Clipper card on one of the transit operators' services or less commonly, a patron requesting a refund from the Commission for any unused Clipper card balances. As a result of management's review, a prior period adjustment was reflected to record the prepaid unused Clipper card balances as an addition rather than a liability.

.

MTC Internal Control Recommendation - 1

<u>Internal Controls over Financial Reporting for Clipper Activities</u> (Material Weakness)

<u>Observation:</u>

The Commission's internal control environment over financial reporting did not timely detect certain adjustments related to the previous fiscal year that were needed to prevent the opening net position of the Clipper enterprise/business-type activities and the opening fiduciary net position of the Clipper fiduciary fund, respectively, from being materially misstated. Management corrected the errors and recorded the following prior period adjustments:

- Increase net book value of capital assets and beginning net position by $53,194,059 for the Commission's license to use the Clipper fare payment system internally generated software and related equipment not previously recorded as capital assets in the business-type activities and Clipper enterprise fund.
- Decrease liabilities and increase beginning fiduciary net position by $120,481,998 for the prepaid and unused Clipper card balances that were not previously recorded as an addition in the Clipper fiduciary fund.

<u>Recommendation:</u>

We recommend that the Commission strengthen their review of any changes in contracts and agreements and new accounting pronouncements to better evaluate the impact to their financial accounting and reporting. We recommend authoritative guidance be obtained and reviewed to ensure the proper accounting treatment for unique transactions.

Required Communications

Required Communications - 1

- Significant Accounting Policies: Those Charged with Governance should be informed of the initial selection of and changes in significant accounting policies or their application. Management has disclosed the summary of significant accounting policies in footnote 1 of each report.

- Management Judgments and Accounting Estimates: Further, accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments.

Required Communications - 2

- Adoption of New Accounting Standards:
  - Leases **(GASB 87)**
  - Accounting for Interest Cost Incurred Before the End of a Construction Period **(GASB 89)**
  - Omnibus 2020 **(GASB 92, certain paragraphs)**
  - Replacement of Interbank Offered Rates **(GASB 93, paragraphs 13-14)**
  - CCUC and Section 457 Plans **(GASB 97, except paragraphs 4-5)**
  - The Annual Comprehensive Financial Report **(GASB 98)**
  - Omnibus 2022 **(GASB 99, paragraphs 26-32)**
  - Implementation Guide 2019-3 **(Leases)**
  - Implementation Guide 2020-1 **(Update 2020, Certain Questions)**
  - Implementation Guide 2021-1 **(Update 2021, Question 4.22)**

Required Communications - 3

- Corrected Misstatements: As noted previously, management corrected material misstatements pertaining to prior year activities in the Clipper enterprise and fiduciary funds.

- Uncorrected Misstatements: Any uncorrected misstatements that were brought to the attention of management were immaterial.

Required Communications - 4

We did not note:

- Significant Accounting Policies in Controversial or Emerging Areas
- Significant Unusual Transactions
- Significant Difficulties Encountered during the Audit
- Disagreements with Management
- Consultations with Other Accountants
- Significant Related Party Findings and Issues
- Independence matters

Questions?

Crowe

Thank You

Katherine V. Lai, CPA, CGMA

Partner

Kathy.Lai@crowe.com

https://www.linkedin.com/in/kathylaicpa/

375 Beale Street, Suite 800
San Francisco, CA 94105

Metropolitan Transportation Commission

Legislation Details (With Text)

File #:	22-1507 **Version:** 1	**Name:**	
Type:	Report	**Status:**	Committee Approval
File created:	9/15/2022	**In control:**	MTC Audit Committee
On agenda:	11/16/2022	**Final action:**	
Title:	FY 2021-22 Financial Reports and Year End Audit Results Staff requests that the Audit Committee accept the audited financial Reports for FY 2021-22 and approve the retention of Crowe LLP as the MTC External audit firm for FY 2022-23.		
Sponsors:			
Indexes:			
Code sections:			
Attachments:	3a - 1-FY 2021-22 Financial Reports and Year End Audit Results 3a - A MTC FY 2021-22 ACFR Audit Presentation (Management) - 11.10.22 3a - B FY 2021-22 MTC Annual Comprehensive Financial Report 3a - C MTC Reports on Federal Awards in Accordance with OMB 3a - D FY 2021-22 Bay Area Headquarters Authority (BAHA) 3a - E FY 2021-22 Bay Area Infrastructure Financing Authority (BAIFA) 3a - F FY 2021-22 Bay Area Housing Finance Authority (BAHFA)		

Date	Ver.	Action By	Action	Result

Subject:
FY 2021-22 Financial Reports and Year End Audit Results

Staff requests that the Audit Committee accept the audited financial Reports for FY 2021-22 and approve the retention of Crowe LLP as the MTC External audit firm for FY 2022-23.

Presenter:
Derek Hansel

Recommended Action:
Committee Acceptance and Approval

Metropolitan Transportation Commission
Audit Committee

November 16, 2022 **Agenda Item 3a - 22-1507**

FY 2021-22 Financial Reports and Year End Audit Results

Recommendation: Staff requests that the Audit Committee accept the audited financial reports for FY 2022 and approve the retention of Crowe LLP as the MTC external audit firm for FY 2023.

Background: There are several audit reports and financial reports to be presented to the Committee. The reports include the following:

- Audit Results and Required Communications
- The Metropolitan Transportation Commission (MTC) Reports on Federal Awards in Accordance with the Office of Management and Budget (OMB) Uniform Guidance for the Year Ended June 30, 2022
- MTC Annual Comprehensive Financial Report
- Bay Area Headquarters Authority (BAHA) Financial Statements
- Bay Area Infrastructure Financing Authority (BAIFA) Financial Statements
- Bay Area Housing Finance Authority (BAHFA) Financial Statements

The first two reports are communications between our audit firm, Crowe LLP and the Audit Committee. Crowe LLP has prepared a separate presentation to cover these reports. The last four reports are financial reports covering MTC operations and were prepared by MTC staff.

Overall, the opinion for all four reports is unmodified. There was one material weakness in internal controls reported in the MTC Annual Comprehensive Financial Report (ACFR) related to financial reporting of Clipper activities. Management's response will be discussed in conjunction with management's presentation of the MTC ACFR.

Staff recommends retention of Crowe LLP as the MTC audit firm for FY 2023. Crowe LLP was awarded the audit contract for MTC and ABAG after an extensive bid process. Crowe LLP will be in the fourth year of a five-year contract with two potential one-year extensions. Staff believes Crowe LLP has done an excellent job, especially given the shift to remote audit work and recommends their extension.

If you have any questions about this report, please contact Derek Hansel at (415) 778-6730.

Recommendation: Staff requests that the Audit Committee accept the combined reports including the Metropolitan Transportation Commission (MTC) Annual Comprehensive Financial Report and associated reports for the fiscal year ending June 30, 2022 and retention of Crowe LLP as the MTC external audit firm for FY 2023.

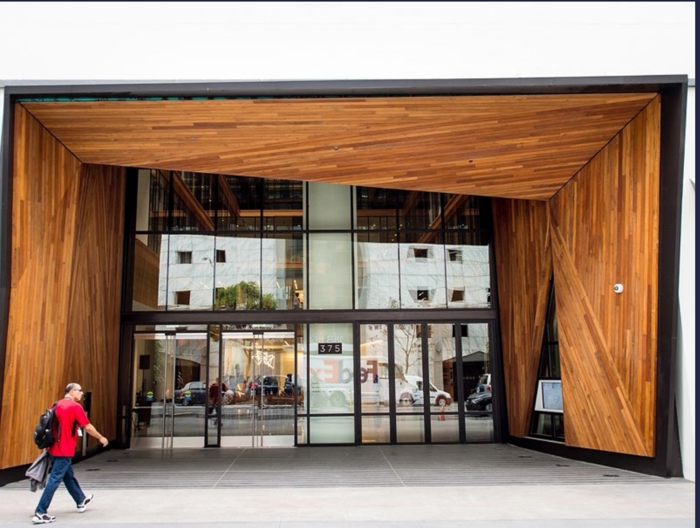
Attachments: FY 2021-22 MTC Annual Comprehensive Financial Report

FY 2021-22 Bay Area Headquarters Authority (BAHA) Financial Statements

FY 2021-22 Bay Area Infrastructure Financing Authority (BAIFA) Financial Statements

FY 2021-22 Bay Area Housing Finance Authority (BAHFA) Financial Statements

Therese W. McMillan




Fiscal Year 2021-2022
Financial Reports and Year End Audit Results

METROPOLITAN
TRANSPORTATION
COMMISSION

November 16, 2022

Derek Hansel
Chief Financial Officer

Agenda Item 3a Attachment A

How to Read the Financial Statements

- **MTC's financial statements present the results several legal entities and programs – these incorporations into MTC's overall financial statements is required by accounting standards**

- **Governmental Funds (page 33 & 34):**
    - General Fund
    - AB664 Reserve
    - State Transit Assistance
    - Rail Reserves
    - BART Car Exchange
    - BAHFA
    - Non-Major Funds

- **Business Type Activities (page 42 & 43):**
    - Bay Area Toll Authority (BATA)
    - BAIFA
    - MTC SAFE
    - MTC Clipper
- **Component Units**:
    - BAHA

Metropolitan Transportation Commission
Statement of Net Position
June 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	BAHA
ASSETS				
Cash-unrestricted	$ 337,369,462	$ 248,618,609	$ 585,988,071	$ 29,453,332
Cash-restricted	11,655,085	269,754,643	281,409,728	4,324,772
Investments-unrestricted	75,756,080	-	75,756,080	-
Investments-restricted	352,867,225	2,346,713,588	2,699,580,813	-
Receivables:				
Accounts receivable	2,438,143	36,518,743	38,956,886	200,635
Interests receivable	1,109,738	23,130,554	24,240,292	28,137
Lease receivable from external	-	-	-	24,736,403
Lease receivable from primary government	-	-	-	2,026,252
Funding due from State/ Caltrans	24,143,698	11,160,311	35,304,009	-
Funding due from Federal	20,425,335	3,867,959	24,293,294	-
Due from other governments	3,100,442	618,922	3,719,364	-
Prepaid items and other assets	1,027,203	239,886	1,267,089	178,154
Pension 115 Trust Account	2,900,000	-	2,900,000	-
Net pension asset	6,522,562	8,984,901	15,507,463	66,892
Net OPEB assets	1,965,267	854,511	2,819,778	20,155
Capital assets not being depreciated	-	68,610,276	68,610,276	34,230,605
Capital assets net of accumulated depreciation/ amortization	302,540	145,986,580	146,289,120	160,644,400
TOTAL ASSETS	841,582,780	3,165,059,483	4,006,642,263	255,909,737
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount of refunding	-	431,468,732	431,468,732	-
Deferred outflows from pensions	10,963,929	3,482,546	14,446,475	112,439
Deferred outflows from OPEB	4,917,074	2,137,979	7,055,053	50,427
TOTAL DEFERRED OUTFLOWS OF RESOURCES	15,881,003	437,089,257	452,970,260	162,866

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Net Position
June 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	BAHA
LIABILITIES				
Accounts payable and accrued liabilities	$ 53,192,004	$ 148,289,776	$ 201,481,780	$ 863,534
Accrued interest payable	65	94,491,382	94,491,447	-
Unearned revenue	11,730,187	130,086,462	141,816,649	15,450
Internal balances	4,786,972	(4,786,972)	-	-
Due to other governments	-	-	-	699,081
Non-current liabilities				
Due within one year				
Long term debt	-	86,155,000	86,155,000	-
Other non-current liabilities	2,373,128	2,836,852	5,209,980	81,828
Due in more than one year				
Long term debt	-	9,640,641,699	9,640,641,699	-
Derivative instruments	-	261,589,656	261,589,656	-
Other non-current liabilities	3,437,041	6,411,327	9,848,368	42,257
TOTAL LIABILITIES	75,519,397	10,365,715,182	10,441,234,579	1,702,150
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from lease	-	-	-	26,053,517
Deferred inflows from pension	16,496,807	7,172,923	23,669,730	169,180
Deferred inflows from OPEB	2,019,402	878,050	2,897,452	20,710
Deferred revenues/Deferred charges	280,825,285	(280,825,285)	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	299,341,494	(272,774,312)	26,567,182	26,243,407
NET POSITION				
Net Investment in Capital Assets	302,175	200,562,938	200,865,113	194,753,128
Restricted for:				
Capital projects	490,399,204	77,256,176	567,655,380	4,324,772
Pension	2,900,000	-	2,900,000	-
Operations & Maintenance, under debt covenant	-	174,000,000	174,000,000	-
Extraordinary loss reserve, under Caltrans Coop	-	50,000,000	50,000,000	-
Housing	19,753,154	-	19,753,154	-
Regional Measure 3	-	431,119,100	431,119,100	-
Unrestricted	(30,751,641)	(7,423,730,344)	(7,454,481,985)	29,049,146
TOTAL NET POSITION	$ 482,602,892	$ (6,490,792,130)	$ (6,008,189,238)	$ 228,127,046

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Balance Sheet - Governmental Funds
June 30, 2022

		Special Revenue Funds						
	General	AB 664 Net Toll Revenue Reserve	State Transit Assistance	Rail Reserves	BART Car Exchange	Bay Area Housing Finance Authority	Non-Major Governmental Funds	Total Governmental Funds
ASSETS								
Cash - unrestricted	$ 51,986,633	$ 71,912,483	$ 105,781,174	$ 16,321,708	$ -	$ 19,841,704	$ 71,525,760	$ 337,369,462
Cash - restricted	7,878,503	-	-	-	3,776,582	-	-	11,655,085
Investments - unrestricted	-	50,083,704	-	15,347,304	-	-	10,325,072	75,756,080
Investment - restricted	-	-	-	-	352,867,225	-	-	352,867,225
Accounts receivable	2,395,153	-	-	-	-	-	42,990	2,438,143
Interest receivable	39,767	150,417	237,212	23,868	623,003	-	35,471	1,109,738
State / Caltrans funding receivable	2,487,697	-	21,656,001	-	-	-	-	24,143,698
Federal funding receivable	20,425,335	-	-	-	-	-	-	20,425,335
Due from Other Funds	1,940,679	-	-	-	-	-	-	1,940,679
Due from other governments	3,100,442	-	-	-	-	-	-	3,100,442
Pension 115 Trust	2,900,000	-	-	-	-	-	-	2,900,000
Prepaid items and other assets	1,027,203	-	-	-	-	-	-	1,027,203
TOTAL ASSETS	$ 94,181,412	$ 122,146,604	$ 127,674,387	$ 31,692,880	$ 357,266,810	$ 19,841,704	$ 81,929,293	$ 834,733,090
LIABILITIES								
Accounts payable and accrued expenditures	$ 16,903,580	$ 18,407,351	$ 8,854,121	$ 62,615	$ 7,981,322	$ 27,887	$ 107,183	$ 52,344,059
Accrued interest payable	65	-	-	-	-	-	-	65
Deposit payable	250,000	-	-	-	-	-	-	250,000
Unearned revenue	9,238,582	-	-	-	-	-	-	9,238,582
Retention payable	597,955	-	-	-	-	-	-	597,955
Due to other funds	2,302,830	-	4,081,475	-	-	41,246	302,100	6,727,651
TOTAL LIABILITIES	29,293,012	18,407,351	12,935,596	62,615	7,981,322	69,133	409,283	69,158,312
DEFERRED INFLOWS OF RESOURCES								
Deferred revenue	-	137,601,032	-	110,522,902	-	-	32,701,351	280,825,285
TOTAL DEFERRED INFLOWS OF RESOURCES	-	137,601,032	-	110,522,902	-	-	32,701,351	280,825,285

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Balance Sheet - Governmental Funds
June 30, 2022

		Special Revenue Funds						
	General	AB 664 Net Toll Revenue Reserve	State Transit Assistance	Rail Reserves	BART Car Exchange	Bay Area Housing Finance Authority	Non-Major Governmental Funds	Total Governmental Funds
FUND BALANCES								
Nonspendable								
Prepaid items	$ 1,027,203	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,027,203
Restricted for:								
Transportation projects	-	-	114,738,791	-	-	-	26,374,926	141,113,717
Rail projects	-	-	-	-	349,285,488	-	-	349,285,488
Housing projects	-	-	-	-	-	19,772,571	-	19,772,571
Pension	2,900,000	-	-	-	-	-	-	2,900,000
Committed to:								
Benefits reserve	2,208,732	-	-	-	-	-	-	2,208,732
Liability reserve	1,171,720	-	-	-	-	-	-	1,171,720
Transportation projects	4,836,487	-	-	-	-	-	22,443,733	27,280,220
Unassigned	52,744,258	(33,861,779)	-	(78,892,637)	-	-	-	(60,010,158)
TOTAL FUND BALANCES	64,888,400	(33,861,779)	114,738,791	(78,892,637)	349,285,488	19,772,571	48,818,659	484,749,493
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 94,181,412	$ 122,146,604	$ 127,674,387	$ 31,692,880	$ 357,266,810	$ 19,841,704	$ 81,929,293	$ 834,733,090

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Net Position - Proprietary Funds
June 30, 2022

	Bay Area Toll Authority	Service Authority for Freeways and Expressways	BAIFA	Non-major Proprietary Fund MTC-Clipper®	Total Enterprise Funds
ASSETS					
Current assets:					
Cash - unrestricted	$ 130,829,793	$ 15,633,527	$ 70,203,277	$ 31,952,012	$ 248,618,609
Cash - restricted	139,909,388	-	-	1,436,739	141,346,127
Due from other funds	15,261,992	2,302,830	2,919,186	6,913,925	27,397,933
Due from other governments	618,922	-	-	-	618,922
Accounts receivables	30,016,660	-	3,040,313	3,461,770	36,518,743
Accrued interest	22,951,978	5,648	172,928	-	23,130,554
Prepaid expenses and other assets	235,496	3,027	488	875	239,886
Funding due from State/ Caltrans	6,169,249	4,990,067	-	995	11,160,311
Funding due from Federal	-	-	-	3,867,959	3,867,959
Total current assets	345,993,478	22,935,099	76,336,192	47,634,275	492,899,044
Non-current assets:					
Cash - restricted	122,612,335	-	5,796,181	-	128,408,516
Investments - restricted	2,276,690,332	-	70,023,256	-	2,346,713,588
Net pension asset	8,075,521	134,856	330,948	443,576	8,984,901
Net OPEB asset	580,512	40,633	99,715	133,651	854,511
Capital assets not being depreciated	769,688	-	7,873,447	59,967,141	68,610,276
Capital assets, net of accumulated depreciation/amortization	2,991,305	187,890	120,701,148	22,106,237	145,986,580
Total non-current assets	2,411,719,693	363,379	204,824,695	82,650,605	2,699,558,372
TOTAL ASSETS	2,757,713,171	23,298,478	281,160,887	130,284,880	3,192,457,416
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount of refunding	431,468,732	-	-	-	431,468,732
Deferred charges	280,825,285	-	-	-	280,825,285
Deferred outflows from pensions	1,953,945	226,686	556,297	745,618	3,482,546
Deferred outflows from OPEB	1,452,434	101,664	249,487	334,394	2,137,979
TOTAL DEFERRED OUTFLOWS OF RESOURCES	715,700,396	328,350	805,784	1,080,012	717,914,542

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Net Position - Proprietary Funds
June 30, 2022

	Bay Area Toll Authority	Service Authority for Freeways and Expressways	BAIFA	Non-major Proprietary Fund MTC-Clipper®	Total Enterprise Funds
LIABILITIES					
Current liabilities:					
Accounts payable and accrued expenses	$ 121,618,995	$ 2,253,600	$ 7,666,624	$ 10,789,800	$ 142,329,019
Accrued interest payable	94,491,382	-	-	-	94,491,382
Due to other funds	7,348,969	-	261,992	15,000,000	22,610,961
Unearned revenue	130,086,462	-	-	-	130,086,462
Retention payable	357,475	-	1,993,726	3,609,556	5,960,757
Long term debt - current	86,155,000	-	-	-	86,155,000
Compensated absences - current	994,424	60,117	155,540	202,741	1,412,822
Lease liability - current	1,424,030	-	-	-	1,424,030
Total current liabilities	442,476,737	2,313,717	10,077,882	29,602,097	484,470,433
Non-current liabilities:					
Unearned revenue/ Patron deposits	3,762,891	-	-	-	3,762,891
Long term debt, net	9,640,641,699	-	-	-	9,640,641,699
Derivative instruments	261,589,656	-	-	-	261,589,656
Compensated absences	1,440,241	87,068	225,271	293,634	2,046,214
Lease liability	602,222	-	-	-	602,222
Total non-current liabilities	9,908,036,709	87,068	225,271	293,634	9,908,642,682
TOTAL LIABILITIES	10,350,513,446	2,400,785	10,303,153	29,895,731	10,393,113,115
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows from pensions	4,872,924	341,082	837,030	1,121,887	7,172,923
Deferred inflows from OPEB	596,503	41,752	102,462	137,333	878,050
TOTAL DEFERRED INFLOWS OF RESOURCES	5,469,427	382,834	939,492	1,259,220	8,050,973
NET POSITION					
Net investment in capital assets	1,534,741	187,890	125,441,891	73,398,416	200,562,938
Restricted for:					
Capital Projects	-	-	75,819,437	1,436,739	77,256,176
Operations & Maintenance, under debt covenant	174,000,000	-	-	-	174,000,000
Extraordinary loss reserve, under Caltrans Coop	50,000,000	-	-	-	50,000,000
Regional Measure 3	431,119,100	-	-	-	431,119,100
Unrestricted	(7,539,223,147)	20,655,319	69,462,698	25,374,786	(7,423,730,344)
TOTAL NET POSITION	$ (6,882,569,306)	$ 20,843,209	$ 270,724,026	$ 100,209,941	$ (6,490,792,130)

The accompanying notes are an integral part of these financial statements.

Financial Highlights

- Government-wide "net position" - $(6,008) million
- Total long-term debt of $9,727 million
- General Fund balance of $64.9 million
- Total Cash and Investment of $3,643 million
- Continue to maintain "Hard Deck" of $1,060 million
- Bridge traffic up by 9.8 million vehicles
- Total Bridge toll revenue is $756.2 million (including RM3)
- Net Pension Asset (6/30/21) - $15.6 million
- Net OPEB Asset (6/30/21) - $2.8 million

Governmental Funds

- **MTC General Fund and Special Revenue Funds with restricted purposes**
- **Deficits are driven by allocations out of the AB664 Reserve and the BART Car Exchange, both of which are covered by invested funds in those funds**
- **MTC General Fund surplus continued to increase (in FY22 up to $7.3 million)**

Enterprise Funds

- **MTC has four "business type" enterprise funds**
- **BAIFA has been added in this grouping and is removed from treatment as a "Component Unit" with the change in Board composition**
  - **Operating income of $28.9 million and a net position of $270.7 million**
  - **Cash and Investments of $146 million**
- **BATA**
  - **Ended FY 2022 with a $141 million surplus**
  - **Toll Revenue of $756 million, including RM3**
  - **Funded $85 million for Caltrans capital projects**
  - **Distributed $55 million RM2**
  - **Reserved $26.7 million for violation penalty refunds**
  - **Cash and Investments climbed to $2,670 million, tied primarily to issuance of bonds in 2021**
  - **Met all Debt coverage tests**
- **MTC SAFE**
  - **Change in net position of $1 million**
  - **Ending net position of $20.8 million**
- **MTC Clipper**
  - **Change in net position of $29.6 million, primarily due to capital grants for Clipper 2.0**
  - **Ending net position of $100.2 million**
  - **Operator payments of $11.6 million, up nearly $4 million from FY2021**

Pensions and Other Post-employment Benefits (OPEB)

- **Current Pension Calculations**
  - **Total assets of $222.4 million**
  - **Current liability of $206.8 million**
  - **Net Pension Asset of $15.6 million**
  - **This doesn't include PARS 115 Trust assets**
  - **PERS FY22 performance was below discount rate of 6.8% - this will negatively impact going-forward calculations**

- **MTC OPEB account is now a surplus**
  - **Assets of $52.8 million**
  - **Current Liability of $49.9 million**
  - **Net OPEB Asset of $2.8 million**

Bay Area Headquarters Authority (BAHA)

- Bay Area Metro Center
- Rent payments remain current despite pandemic
- Cash and investment of $31.2 million
- $4.7 million restricted for capital

Response to MTC Internal Controls Recommendations

- Management concurs with Crowe LLP observations
- Better incorporation of financial reporting section in reviewing contracts/amendments for capital projects – especially complex agreements
- Develop improved capital asset accounting function
- Strengthen review and incorporation of new accounting pronouncements, and seek outside counsel as appropriate

Questions

Agenda Item 3a Attachment B

METROPOLITAN TRANSPORTATION COMMISSION

Annual Comprehensive Financial Report

For the Fiscal Year Ended
June 30, 2022

Prepared by the MTC Finance Section
State of California

METROPOLITAN
TRANSPORTATION
COMMISSION

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2022

Prepared by the
MTC Finance Section
State of California

Metropolitan Transportation Commission
June 30, 2022
Table of Contents

Metropolitan Transportation Commission
June 30, 2022
Table of Contents

METROPOLITAN
TRANSPORTATION
COMMISSION

Bay Area Metro Center
375 Beale Street, Suite 800
San Francisco, CA 94105
415.778.6700
www.mtc.ca.gov

October XX, 2022

Honorable Chair
Members of the Metropolitan Transportation Commission

I am pleased to submit the Annual Comprehensive Financial Report for the Metropolitan Transportation Commission (MTC), its blended and discretely presented component units and fiduciary funds for the fiscal year ended June 30, 2022. State law requires that MTC and its component units publish a complete audited financial statement within six months of the close of each fiscal year.

Responsibility for both accuracy of the data, as well as the completeness and fairness of the presentation, including all disclosures, rests with the management and staff of MTC. To the best of our knowledge, we believe this report to be complete and reliable in all material respects. To provide a reasonable basis for making these representations, management of MTC has established a comprehensive system of internal controls designed to both protect the government's assets from loss or misuse and to compile the information necessary to produce financial statements in conformity with Generally Accepted Accounting Principles (GAAP) and reported in a manner that presents fairly the financial position and operating results of MTC, its blended and discretely presented component units and fiduciary funds as of June 30, 2022. The cost of internal controls should not outweigh their benefits; therefore MTC's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement.

The goal of the independent audit is to provide reasonable assurance that the financial statements presented herein for the fiscal year ended June 30, 2022, are free of material misstatement. In addition, MTC is required to undergo a Single Audit of Federal Programs conducted under the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The agency's independent auditor, Crowe LLP, has issued an unmodified opinion on the Metropolitan Transportation Commission's financial statements for the year ended June 30, 2022. The independent auditor's report is located in the front of the financial section of this report.

GAAP also requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements. This narrative is presented in the form of Management's Discussion and Analysis (MD&A), which can be found immediately following the independent auditor's report.

The Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022 includes financial information for all funds, accounts and fiduciary activities for which MTC has financial accountability. MTC also participates in numerous boards, groups and associations. While MTC participates in such activities, MTC does not have an ongoing financial interest or administrative control over such entities and, as such, information related to these outside groups and associations are excluded from this report.

Profile of the Government

MTC was established under the laws of the State of California in 1970 to provide comprehensive regional transportation planning for the nine counties that comprise the San Francisco Bay Area: Alameda, Contra Costa, Marin, Napa, the City and County of San Francisco, San Mateo, Santa Clara, Solano and Sonoma. MTC is governed by a body of eighteen voting and three non-voting members (Commission) representing the following:

Agency	**Voting Members**	**Non-Voting Members**
Alameda County	3	
Contra Costa County	2	
Marin County	1	
Napa County	1	
City & County of San Francisco	2	
San Mateo County	2	
Santa Clara County	3	
Solano County	1	
Sonoma County	1	
Association of Bay Area Governments (ABAG)	1	
San Francisco Bay Conservation & Development Commission	1	
U.S. Department of Transportation		1
U.S. Department of Housing & Urban Development		1
California State Transportation Agency		1
Total:	18	3

Each commissioner's term of office is four years or until a successor is appointed.

MTC commissioners also serve as the governing authority for MTC Service Authority for Freeways & Expressways (MTC SAFE), the Bay Area Toll Authority (BATA), the Bay Area Infrastructure Financing Authority (BAIFA), and the Bay Area Housing Finance Authority (BAHFA). The Commission is responsible for adopting budgets for operating and project costs, as well as setting general policy direction. An Executive Director appointed by the Commission is responsible for carrying out Commission direction and day-to-day administration of MTC and its employees. Some of the commissioners are also members of the Bay Area Headquarters Authority (BAHA). BAHA was created by a Joint Exercise of Powers Agreement between MTC and BATA.

Local economy:

The Bay Area is one of the strongest and most diversified economies in the nation including several Fortune 500 companies and major research universities. Sales tax growth has been robust, and unemployment rates are notably lower than statewide or national rates. Additionally, inflation is well below national rates and that of other major metropolitan areas in California – this is, however, partially driven by housing costs which are already high in the region.

General economic concerns about FY 2023 revolve around the Federal Reserve's assertive campaign to lower high inflation and what effect higher interest rates might have on the national and regional economy over the next twelve to eighteen months.

MTC is fortunate to have significant diversity in our overall revenue stream. Over 60% of all governmental fund revenue is derived from various state and federal grant resources that are not directly dependent on current economic conditions for allocation. The nature of MTC's grant responsibilities and strong liquidity across all funds and entities will assure that MTC can continue to administer regional transportation planning and funding with little interruption in service through a variety of economic conditions.

With respect to BATA, bridge toll levels can be raised if necessary to protect operating integrity, particularly funding of debt service and necessary rehabilitation projects for BATA. This flexibility is important given the reliance of BATA financial performance on bridge crossings, which have been heavily impacted by the COVID-19 pandemic and associated effects, including shelter-in-place policies and increasing flexibility for work-from-home.

Financial Policies:

MTC continues to maintain strong financial policies for budget and reserve structures that help protect against economic swings and maintain operating liquidity. MTC policies require submission of balanced budgets with reasonable estimates for future revenue and expense projections. Further, MTC has established a series of reserve funds equal to at least 50% of the respective operating budgets. All operating reserves remained intact through the FY 2022 operating year and are available for unforeseen events in future fiscal years. These reserves provide the valuable operating liquidity necessary to run MTC's significant grant funded projects, allowing contracts and projects to proceed on a readiness basis rather than forcing delays for cash-flow management.

BATA has also been appropriately conservative in reserving funds for liquidity purposes – liquidity which has been important in navigating through the prior year sharp declines in bridge traffic and corresponding revenue associated with the pandemic.

Awards and Acknowledgments:

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Metropolitan Transportation Commission for its annual comprehensive financial report for the fiscal year ended June 30, 2021. This was the nineteenth consecutive year that MTC has received this prestigious award. In order to be awarded a Certificate of

Achievement, MTC had to publish an easily readable and efficiently organized annual comprehensive financial report that satisfied 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 annual comprehensive 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.

The preparation and delivery of this report would not have been possible without the help of the dedicated staff at MTC. I thank everyone who contributed, especially the MTC finance staff for their hard work and dedication in producing this report in an accurate and timely manner.

Respectfully submitted,

Derek Hansel
Chief Financial Officer

Metropolitan Transportation Commission

Staffing Organization as of July 25, 2022

ABAG Executive Board
Jesse Arreguin
President

MTC Commission
Alfredo Pedroza
Chair

OFFICE OF GENERAL COUNSEL* (6)
Kathleen Kane

- Cynthia Segal
- Ron Ceguera
- Vacant-1
- Matthew Lavrinets
- Andrea Visveshwara

EXECUTIVE DIRECTOR (6)**
Therese W. McMillan

ADMINISTRATION & HUMAN DEVELOPMENT (20)
Director/Chief of Staff
Nalungo Conley

- Raegan Carmon
- Wally Charles
- Brandon Crain
- Ashley Gonzalez
- John Kannegieser
- Ky-Nam Miller
- Alex Prestia
- Doris Santa—Cruz
- Martha Silver
- Kimberly Ward
- Kim Chase
- Fred Castro
- Chris Fong
- Alita Henderson
- Susan Lima
- Marti Paschal
- Lety Rubalcava Gomez
- Judis Santos
- Abbey Taunton
- Vacant-1

DEPUTY EXECUTIVE DIRECTOR LOCAL GOVERNMENT SERVICES
Brad Paul

Vikrant Sood (1)

SAN FRANCISCO ESTUARY PARTNERSHIP (14)
Caitlin Sweeney
Director

- Joshua Bradt
- Natasha Dunn
- Diana Fu
- Susan Glendening
- Athena Honore
- Elizabeth Juvera
- Darcie Luce
- Karen McDowell
- James Muller
- Heidi Nutters
- Leslie Perry
- Sarina Seaton
- Alexandra Thomsen

BAYREN ENERGY PROGRAM (7)
Jenny Berg
Director

- Cindy Chen
- Ryan Jacoby
- Karen Kristiansson
- Jeffery Liang
- Vacant-2

BAY AREA REGIONAL ** COLLABORATIVE (2)

- Allison Brooks
- Vacant-1

BAY AREA HOUSING FINANCE AUTHORITY (6)
Kate Hartley
Director

- Somaya Abdelgany
- Ruben Anguiano
- Irene Farnsworth
- Beth Frankland
- Barry Roeder

DEPUTY EXECUTIVE DIRECTOR POLICY
Alix Bockelman

REGIONAL PLANNING PROGRAM (48)
Matt Maloney
Director

- Gillian Adams
- Nick Atchison
- Manuel Avalos
- Jose A La Torre
- Harold Brazil
- Elizabeth Bugarin
- Ada Chan
- James Choe
- Joshua Croff
- Michael Germeraad
- Rachael Hartofelis
- Shimon Israel
- Eli Kaplan
- Christy Leffall
- Whitney Libunao
- Bobby Lu
- Raleigh McCoy
- Mariegail Mijares
- Matt Nichols
- Adam Noelting
- Kara Oberg
- Aksel Olsen
- Heather Peters
- Chirag Rabari
- Daniel Saver
- Mark Shorett
- Krute Singa
- Kearey Smith
- Michael Smith
- Anup Tapase
- Elizabeth Theocharides
- Kaya Tollas
- Therese Trivedi
- Flavia Tsang
- Dave Vautin
- Kara Vuicich
- Yuqi Wang
- Michael Ziyambi
- Lisa Zorn
- Vacant-8

FUNDING POLICY & PROGRAMS (28)
Theresa Romell
Director

- Karl Anderson
- Kenji Anzai
- Thomas Arndt
- Mallory Atkinson
- William Bacon
- Alfredo Balderamos
- Craig Bosman
- Cheryl Chi
- Melanie Choy
- Adam Crenshaw
- Margaret Doyle
- Kenneth Folan
- Theresa Hannon
- Shruti Hari
- Kenneth Kao
- Terence Lee
- Bryan Redmond
- John Saelee
- Drennen Shelton
- Anne Spevack
- Sui Tan
- Vacant – 6

LEGISLATION & PUBLIC AFFAIRS (24)
Rebecca Long
Director

- Marcella Aranda
- Meg Avedikian
- Peter Beeler
- Karin Betts
- David Cooper
- Georgia Gann Dohrmann
- Alex Eisenhart
- John Goodwin
- Mark Jones
- Joey Kotfica
- Leslie Lara-Enriquez
- Clair McDevitt
- Miguel Osorio
- Mark Prado
- Jay Stagi
- Michele Stone
- Julie Teglovic
- Khristina Wenzinger
- Leah Zippert
- Vacant-4

DEPUTY EXECUTIVE DIRECTOR OPERATIONS
Andrew Fremier

FACILITIES & CONTRACT SERVICES (20)
Denise Rodrigues
Director

- Eva Bedford
- DeNise Blake
- Quianna Brandon
- Donna Bregman-Fletcher
- Michael Brinton
- Luz Campos
- Noah Cohen
- Kevin Curtis
- Ryan DeCoud
- Jerry Finer
- Deborah Gaines
- Jeremy Gladson
- Nicole Hicks
- Pico Junior
- Gertruda Luermann
- Andrew Nguyen
- Eddie Phillips
- Mey Phu
- Eric Wong

TECHNOLOGY SERVICES (40)
Nick Roethel
Director

- Nisar Ahmed
- Mohamed Alani
- Felicia Alas
- Gavin Alavinejad
- Kyle Baker
- Janet Banner
- Sean Bugler
- Shauna Callow
- Corey Dodge
- Brooke Fotheringham
- Queli Go
- Stephen Hohorst
- Prashant Jawalikar
- Pratul Kant
- Lemar Karimi
- Yong Lee
- Gilbert Mingming
- Roslyn Morris-Singh
- Martin Munoz
- Alysha Nachtigall
- Bruce Samar
- Ravi Selvanayagam
- Darya Shtykalo
- Michelle Tan
- Andrew Tate
- Maung Than
- Thiru Thiagarajah
- Jess Thomas
- Atti Williams
- Edna Yeh
- Steve Zafft
- Vacant-8

FIELD OPERATIONS & ASSET MANAGEMENT (31)
Lisa Klein
Director

- Waleed Al Eadelat
- Stephen Baker
- Luis Barragan
- Sarah Burnworth
- Rosalynn Chongchaikit
- Albert Cheung
- Katelyn Costa
- Gio DiFabio
- Chelsea Gamulo
- James Go
- Pierce Gould
- Ken Hoang
- Daisy Htun
- Thomas Lacap
- Barbara Laurenson
- Peter Lee
- Gavin Lohry
- Angela Louie
- Jaime Maldonado
- Christine Maley-Grubl
- Megan Nangle
- Trish Stoops
- Stephen Terrin
- Mario Ung
- Emily Van Wagner
- Stephen Wolf
- May Yin
- Beth Zelinski
- Vacant – 2

DESIGN & PROJECT DELIVERY (24)
Ashley Nguyen
Director

- Edrie Aguilar
- Lily Brown
- Cathy Chea
- Erik Chang
- Kevin Chen
- Michelle Go
- Ayaka Habu
- Henry Hammel
- Stefanie Hom
- Lee Huo
- Laura Krull
- Pamela Kwan
- Linda Lee
- Lulu Mao
- Maria Morse
- Robert Rich
- Joel Shaffer
- Toshi Shepard-Ohta
- Ingrid Supit
- Nicola Szibbo
- Jeanette Weisman
- Vacant –2

ELECTRONIC PAYMENTS (36)
Carol Kuester
Director

- Jessica Alexis
- Lizette Cabie
- Albert Chiu
- Helise Cohn
- Sylvia Cox
- Eric Davis
- Maureen Devlin
- Mark Dinh
- Sarah Doggett
- Roger Dominguez
- Alison Edwards
- Manuel Espiritu
- Jeff Gerbracht
- Akash Ghosal
- Lysa Hale
- Kelley Jackson
- Raymond Jocson
- Liz Lam
- Edward Meng
- Sebi Osa-Idehen
- Wilfred Poon
- Monica Serrano
- Andrea Stenquist
- Lynn Valdivia
- Jason Weinstein
- David Weir
- Kevin Wong
- Vacant – 8

FINANCE Chief Financial Officer
Derek Hansel

FINANCE & ACCOUNTING (24)
Vacant
Director

- Brad Akard
- Debbie Atmaja
- Suzanne Bode
- Ferawati Chandra
- Elena Federis
- Benson Fu
- Rosaliza Galvez
- Crystal Giang
- Tiffany Huynh
- Girma Kebede
- Betty Lam
- Rose Lapada
- July Linan
- Nancy Louie
- Ivan Ma
- Anna Pan
- Myles Smith
- Allen Tam
- Chris Tran
- Lily Wong
- Vacant-4

TREASURY & REVENUE (23)
Vacant
Director

- Vince Cabrieto
- Catherine Cam
- Komal Dayal
- Kyung Hee Howard
- Celia Imperial
- Kevin Lau
- William Leung
- Gary Louie
- Winnie Lum
- Nicholas Mar
- Mabel Melkonians
- Paul Nijjar
- Jackie Suen
- Ramil Tag-at
- Lourdes Tang
- Darren Wong
- Victor Wong
- Russell Yuen
- Leo Zhang
- Vacant-4

BUDGET & FINANCIAL PLANNING (7)
Arleicka Conley
Director

- Abbey Haile
- Alita Reinecker
- Vacant-4

DocuSigned by:
Therese W. McMillan
9FD56424D5A54BA...

Therese W. McMillan, Executive Director

367 FY 23 Positions (Regular, Time-limited, Tier 1, Tier 2, and Retired Annuitants)

* General Counsel advises Commission and Executive Board Directly
** Executive Director reports directly to Commission, under contract to ABAG
** BARC is a multi-agency regional board

METROPOLITAN TRANSPORTATION COMMISSION

COMMISSIONERS

Alfredo Pedroza, Chair	Napa County and Cities
Nick Josefowitz, Vice Chair	San Francisco Mayor’s Appointee
Margaret Abe-Koga	Cities of Santa Clara County
Eddie H. Ahn	SF Bay Conservation and Development Commission
David Canepa	San Mateo County
Cindy Chavez	Santa Clara County
Damon Connolly	Marin County and Cities
Carol Dutra-Vernaci	Cities of Alameda County
Dina El-Tawansy	California State Transportation Agency (CalSTA)
Victoria Fleming	Sonoma County and Cities
Dorene M. Giacopini	U.S. Department of Transportation
Federal D. Glover	Contra Costa County
Sam Liccardo	San Jose Mayor’s Appointee
Nate Miley	Alameda County
Gina Papan	Cities of San Mateo County
David Rabbitt	Association of Bay Area Governments
Hillary Ronen	City and County of San Francisco
Libby Schaaf	Oakland Mayor’s Appointee
James P. Spering	Solano County and Cities
Amy R. Worth	Cities of Contra Costa County
Vacant	U.S. Department of Housing and Urban Development

APPOINTED OFFICIALS

Therese W. McMillan	Executive Director
Kathleen Kane	Legal Counsel

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Metropolitan Transportation Commission
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

INDEPENDENT AUDITOR'S REPORT

Commissioners
Metropolitan Transportation Commission
San Francisco, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Metropolitan Transportation Commission (the "Commission"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Commission, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matters

As discussed in Note 1A(iv) to the financial statements, the Bay Area Housing Finance Authority (BAHFA) began operations during the year ended June 30, 2022 and is presented as a new major fund of the Commission.

As discussed in Note 1A(iii) and 1AE to the financial statements, the composition of the Bay Area Infrastructure Financing Authority's (BAIFA) board changed during the year ended June 30, 2022, and therefore, BAIFA is presented as a blended component unit of the Commission. As a result, business-type activities net position as of July 1, 2021 was restated by $179,838,025.

As discussed in Notes 1C, 1S, 4, and 6 to the financial statements, during the year ended June 30, 2022, the Commission adopted new accounting guidance, GASB Statement No. 87, Leases. The adoption resulted in recording lease receivable and deferred inflows of resources related to leases in the Bay Area Headquarters Authority (BAHA) discretely presented component unit and a right-to-use lease asset and lease payable in the Bay Area Toll Authority (BATA) proprietary fund. There was no impact to net position as of July 1, 2021 as a result of adoption.

As discussed in Note 1AE to the financial statements, certain corrections were made in relation to Clipper activities. The Clipper enterprise fund capitalized the Clipper fare payment system and related equipment that was acquired in prior years. In addition, the Clipper fiduciary fund recorded Clipper card deposits as additions rather than patron prepaid balances liabilities. As a result, the Clipper enterprise fund and business-type activities net position as of July 1, 2021, were restated by $53,194,059 and the Clipper fiduciary fund net position as of July 1, 2021, was restated by $120,481,998.

Our opinions are not modified with respect to the above matters.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

Report on Partial Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Commission's financial statements for the year ended June 30, 2021, from which such partial information was derived.

Required Supplementary Information

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, statistical section, and schedule of changes in assets and liabilities for Transportation Development Act and AB1107 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated <>, 2022 on our consideration of the Commission’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 Commission’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 Commission’s internal control over financial reporting and compliance.

Crowe LLP

San Francisco, California
<>, 2022

PAGE

Management's Discussion and Analysis

This section presents an overview of the financial activities of the Metropolitan Transportation Commission (MTC), as well as its blended and discretely presented component units as discussed separately below for the year ended June 30, 2022. Except as otherwise stated, all amounts described below are expressed in thousands of dollars.

A. Financial Highlights

Fiscal year 2022 was a busy and productive year for MTC. Sales tax and toll revenue continue to increase as the economy improved from the pandemic level. The following are some of the highlights from fiscal year 2022:

- Total sales tax revenue increased by 19% from fiscal year 2021.
- Total traffic on the seven BATA bridges increased by 8.6% compared to FY 2021. While FY 2022 traffic is still 14.7% lower compared to pre-pandemic levels, traffic has increased after two consecutive years of decline of 13% and 9% in FY 2020 and FY 2021, respectively.
- BATA recorded a total of $34,867 in violation penalty refunds, $26,741 of which was from FY 2021 penalty collection and $8,126 was from FY 2022 penalty collection.
- The I-680 Express Lane opened its 11-mile southbound extension from Martinez to Walnut Creek in FY 2022.
- The combined express lane revenue for BAIFA grew more than double from $21,179 in FY 2021 to $52,398 in FY 2022.
- MTC has a net pension asset of $15,507 and net OPEB asset of $2,819 at June 30, 2022.

B. Overview of the Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of MTC's finances. The government-wide financial statements comprise of a Statement of Net Position, a Statement of Activities, and accompanying notes.

The Statement of Net Position presents financial information on all of MTC's assets, liabilities, deferred outflows and inflows of resources. The difference between the assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as “Net Position.”

The Statement of Activities presents government-wide information showing the change in net position resulting from revenues earned and expenses incurred during the fiscal year. All changes in net position are recorded as revenues are earned and expenses are incurred, regardless of the timing of related cash flows.

MTC is composed of governmental and business-type funds and activities as well as one discretely presented component unit. The governmental funds are comprised of the general fund and the special revenue funds, including a separate blended component unit Bay Area Housing and Finance Authority (BAHFA). The business or proprietary funds are MTC Clipper®, Bay Area Toll Authority (BATA), MTC Service Authority for Freeways and Expressways (MTC SAFE), the Bay Area Infrastructure Authority (BAIFA), and the Bay Area Headquarters Authority (BAHA).

BATA, MTC SAFE, and BAIFA, are blended component units (legally separate) whose transactions are presented as business-type funds. MTC Clipper® is an enterprise fund that oversees the region's transit fare payment program. BAHA is the discretely presented component unit on the government-wide financial statements. MTC also holds and administers a fiduciary fund further described in Section C below and in Note 1.B to the financial statements.

The government-wide Statement of Net Position and Statement of Activities are presented on pages 27-32 of this report with the accompanying notes being presented on pages 57-112.

C. Overview of the Fund Financial Statements

i.) Governmental Funds

Governmental funds are used to account for MTC activities and are supported primarily by grants, sales taxes, and intergovernmental revenue sources. Governmental funds financial statements provide additional information not provided in the government-wide statements in that they focus on the annual inflows and outflows of resources as well as the balance of resources available to be spent at fiscal year-end rather than the longer-term focus of governmental activities as seen in the government-wide financial statements. The governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison of governmental funds to governmental activities.

MTC's governmental funds include a general fund, five major special revenue funds, and other non-major funds. The financial statements of the governmental funds, prepared under the modified accrual basis of accounting are on pages 33-40 of this report. A schedule detailing the non-major special revenue funds is included on pages 127-128 of this report.

MTC adopts annual budgets for all funds. However, a comparison of budget-to-actual is required only for certain governmental funds (general fund and major special revenue funds) and these are presented on pages 115-120 of this report. A comparison of budget to actual is also presented for non-major funds on pages 129-130.

ii.) Proprietary Funds

Proprietary funds are used to report business-type activities. MTC has four proprietary funds, BATA, MTC SAFE, BAIFA and MTC Clipper®. BATA, MTC SAFE and BAIFA are presented as blended component units of MTC as proprietary funds on the government-wide and fund financial statements.

BATA is responsible for collection and administration of all toll funds and has funding oversight responsibility for Caltrans maintenance activities for the seven state-owned bridges in the San Francisco Bay Area. BATA also has funding and administrative oversight responsibilities for the Regional Measure 1 (RM 1), Regional Measure 2 (RM 2), and Regional Measure 3 (RM 3) programs approved by the voters in 1988, 2004, and 2017 respectively as well as the seismic retrofit program.

MTC SAFE administers a freeway motorist aid system providing tow truck and call box services to stranded motorists in the nine Bay Area counties.

BAIFA was established to plan capital projects and obtain funding in the form of grants, contributions, appropriations, loans and other assistance. BAIFA is also to undertake programs and projects, including the development, financing, and operation of high-occupancy toll lanes in MTC's jurisdiction. In April 2013, BAIFA was delegated the authority to operate the express lanes by MTC through a cooperative agreement.

MTC administers the Clipper® program which handles the implementation and ongoing operations of the Bay Area's transit fare payment program. This system allows transit riders to pay fares throughout the Bay Area utilizing a single "smart" fare card when boarding bus, light rail, train or ferry transportation.

The financial statements of the proprietary funds are prepared on an accrual basis and are on pages 42-53.

iii.) Fiduciary Fund

Fiduciary funds are used to account for resources held in a trust capacity for the benefit of parties outside MTC. These funds are not reflected in the government-wide financial statements, as the resources cannot be used to support the programs of MTC or those of its component units. The fiduciary fund of MTC uses the economic resources measurement focus and the accrual basis of accounting.

MTC has Clipper® card program as a fiduciary fund. The Clipper® card program is a transit fare payment program that tracks the cash balances and receivables held on behalf of the Clipper® card program.

The fiduciary fund financial statements are presented on pages 54-55 of this report.

iv.) *Discretely Presented Component Unit*

BAHA was established in September 2011 as a separate public entity pursuant to the California Joint Exercise of Powers Act, to plan, acquire, and develop the new MTC/BATA office space and facilities and undertake related activities on behalf of MTC and BATA.

BAHA is presented as a proprietary fund in the discretely presented component unit column of the government-wide financial statements because it does not meet the criteria for blending under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB No. 61. The standalone financial statements for BAHA provide detailed financial information for this entity. Request for separately issued financial statements for BAHA should be addressed to the Treasurer of BAHA, 375 Beale Street, Suite 800, San Francisco, CA 94105.

D. Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Management's Discussion and Analysis (unaudited - $ in thousands)

E. Government-Wide Financial Analysis

The following tables detail the Statement of Net Position, detailing the change in assets, liabilities and change in net position as well as the Statement of Activities for MTC.

i.) Statement of Net Position

The following table shows a summary of MTC's government-wide statements of net position for the last two years:

Metropolitan Transportation Commission's Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Cash and investments	$ 777,648	$ 758,919	$ 2,865,087	$ 2,108,810	$ 3,642,735	$ 2,867,729
Receivables	49,143	43,642	74,918	84,413	124,061	128,055
Other assets	14,488	8,441	10,458	2,217	24,946	10,658
Capital assets	303	416	214,597	1,971	214,900	2,387
Total assets	841,582	811,418	3,165,060	2,197,411	4,006,642	3,008,829
Deferred outflows of resources	15,881	16,650	437,089	446,549	452,970	463,199
Other liabilities	72,082	54,058	457,072	344,615	529,154	398,673
Long term liabilities	3,437	22,742	9,908,643	9,577,265	9,912,080	9,600,007
Total liabilities	75,519	76,800	10,365,715	9,921,880	10,441,234	9,998,680
Deferred inflows of resources	299,341	300,379	(272,774)	(294,126)	26,567	6,253
Net position:						
Net investment in capital assets	302	270	200,563	1,771	200,865	2,041
Restricted	513,053	487,346	732,375	508,245	1,245,428	995,591
Unrestricted (deficit)	(30,752)	(36,727)	(7,423,730)	(7,493,810)	(7,454,482)	(7,530,537)
Total net position	$ 482,603	$ 450,889	$ (6,490,792)	$ (6,983,794)	$ (6,008,189)	$ (6,532,905)

Total cash and investments increased by $775,006 in FY 2022. The increase resulted from a combination of factors:

- BATA issued $700,000 of new bonds.
- Traffic from the BATA toll bridges increased by 8.6% for FY 2022.
- BAIFA is presented as a blended component unit in the business-type activities starting this fiscal year 2022.

The significant increase in capital assets of $212,513 is due to the capitalization of MTC's Clipper fare payment system and related equipment in the amount of $86,297 and the inclusion of BAIFA's capital assets of $128,575 which is presented as a blended component unit in the business-type activities starting in FY 2022.

Deferred outflows of resources decreased by $10,229 in FY 2022, mainly due to the decrease in the deferred outflows of refunding.

Total liabilities increased by $442,554 in FY 2022. The increase is primarily due to a net increase in BATA debt and the recognition of a liability associated with the refunding of previously collected violation penalties to bridge patrons. This increase was slightly offset by the fair value increase of derivative instruments.

The net position increased by $524,716 in FY 2022. The increase is mainly due to the $700,000 new bond issuance offset by the drawdowns of bond proceeds for project expenses and also the presentation of BAIFA as a blended component unit in the business-type activities. The negative net position is the result of BATA issuing over $9 billion in toll revenue bonds while the assets themselves remain with the State of California and other transit agencies. The negative net position in business-type activities will be resolved through receipt of future toll revenue. The increase in net position in governmental activities was primarily due to a grant received from the State of California for BAHFA.

Management's Discussion and Analysis (unaudited - $ in thousands)

ii.) Statement of Activities

The Statement of Activities details the revenue/expense and change in Net Position for MTC. A breakdown of this MTC activity is detailed in the table below.

Metropolitan Transportation Commission's Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for service	$ -	$ -	$ 854,456	$ 877,182	$ 854,456	$ 877,182
Operating grants and contributions	176,445	143,181	113,516	115,784	289,961	258,965
Capital grants and contributions	-	-	23,443	11,122	23,443	11,122
General revenues:						
Sales tax	16,821	14,118	-	-	16,821	14,118
Unrestricted investment earnings (charges)	(1,316)	2,679	223,440	123,495	222,124	126,174
Return of contribution from BAHA	-	-	1,081	1,000	1,081	1,000
Total revenues	191,950	159,978	1,215,936	1,128,583	1,407,886	1,288,561
Expenses:						
General government	89,826	100,422	-	-	89,826	100,422
Allocation to other agencies	88,119	110,298	-	-	88,119	110,298
Housing	231	-	-	-	231	-
Toll bridge activities	-	-	786,132	747,116	786,132	747,116
Express lane activities	-	-	65,538	-	65,538	-
Clipper® smart card	-	-	39,539	52,385	39,539	52,385
Congestion relief	-	-	20,076	16,989	20,076	16,989
Total expenses	178,176	210,720	911,285	816,490	1,089,461	1,027,210
Change in net position before special item and transfers	13,774	(50,742)	304,651	312,093	318,425	261,351
Special item	-	-	(26,741)	-	(26,741)	-
Transfers in/(out)	17,940	25,075	(17,940)	(25,075)	-	-
Changes in net position	31,714	(25,667)	259,970	287,018	291,684	261,351
Net position - Beginning* & **	450,889	476,556	(6,750,762)	(7,270,812)	(6,299,873)	(6,794,256)
Net position - Ending	$ 482,603	$ 450,889	$ (6,490,792)	$ (6,983,794)	$ (6,008,189)	$ (6,532,905)

* As restated in fiscal year 2021, beginning balance of Governmental Activities reflected the impact of GASB Statement No. 84 adoption.

** As restated for fiscal year 2022 beginning balance of Business-Type Activties, see Note 1 AE for further information.

Total revenues increased by $119,325 in FY 2022. The revenue increase in Governmental Activities is mainly due to increased revenue from State Transit Assistance (STA) fund and from new project grants received in FY 2022 including a grant from the California Department of Housing and Community Development (HCD) for the purpose of developing programming for BAHFA. The revenue increase in Business-Type Activities is mainly due to presentation of BAIFA as a blended component unit in the business-type activities starting FY 2022. An increase in the investment earnings is the result of a change in the fair value of the derivative instruments in BATA.

Total expenses increased by $62,251 in FY 2022. There is an increase of $94,795 in Business-Type Activities, which is mainly due to increased operating expenses due to fuller capacity operations and the expenses of the express lane activities which were included in the presentation of the business-type activities this fiscal year. There is a $32,544 decrease in Governmental Activities related to the timing of various multi-year projects.

The special item in the business-type activities is the violation penalty refunds to patrons due to the reduction of violation penalties retroactive to January 1, 2021.

The net position improved by $524,716 from ($6,532,905) to ($6,087,800) in FY 2022. The increase is mainly due to the presentation of BAIFA as a blended component unit in the business-type activities starting this fiscal year. The incorporation of BATA's financial results drives the business-type activities deficit due to BATA's issuance of over $9 billion in toll revenue bonds to fund seismic and Regional Measure 2 voter approved projects while the assets remain with the State of California and other transit operators. The Net Position in the Governmental Activities improved as MTC retired its unfunded benefit liabilities and received a housing grant in FY 2022.

Management does not believe that Governmental Activities and Business-Type Activities are comparable for analytical purposes. While the combined schedules show a total picture of MTC responsibilities, the two activities must be viewed in their respective parts to evaluate MTC’s financial results. State and federal laws restrict MTC’s various funding sources to specific responsibilities that cannot be combined or commingled. Additional explanations are included in the discussion of Business-Type Activities as well as the schedule of governmental funds that follows.

Metropolitan Transportation Commission
Financial Statements for the year ended June 30, 2022
Management's Discussion and Analysis (unaudited - $ in thousands)

F. Financial Analysis of Business-Type Activities

The following table shows the results of operations for the last two years:

	Business-Type Activities						
	BATA		BAIFA	MTC SAFE		MTC Clipper	
	2022	2021	2022	2022	2021	2022	2021
Revenues:							
Toll revenues	$ 756,197	$ 830,405	$ 52,399	$ -	$ -	$ -	$ -
Other operating revenues	19,937	32,416	7,854	6,491	6,697	11,578	7,664
Total revenues	776,134	862,821	60,253	6,491	6,697	11,578	7,664
Operating expenses:							
Operating expenses incurred by Caltrans/Transbay JPA	8,274	7,237	-	-	-	-	-
Other operating expenses	182,073	142,030	31,359	20,076	16,989	36,453	26,697
Total operating expenses	190,347	149,267	31,359	20,076	16,989	36,453	26,697
Operating income/(loss)	585,787	713,554	28,894	(13,585)	(10,292)	(24,875)	(19,033)
Nonoperating revenues/(expenses)							
Investment income/(charges)	223,081	123,439	228	11	6	120	51
BABs interest subsidy	71,327	71,723	-	-	-	-	-
Interest expense	(434,114)	(436,732)	-	-	-	-	-
Financing fees and bond issuance costs	(15,503)	(11,071)	-	-	-	-	-
Other nonoperating expense	(6,039)	-	-	-	-	-	-
Caltrans/other agency grants and reimbursements	11,848	7,876	-	13,365	11,378	3,630	9,896
Distributions to Caltrans/other agencies	(140,130)	(150,046)	(17,163)	-	-	(3,086)	(25,688)
Capital, operating and maintenance expenses for other agencies	-	-	(17,016)	-	-	-	-
Return of contribution from BAHA	1,081	1,000	-	-	-	-	-
Other nonoperating revenues	5,660	12,935	943	8	16	6,737	1,960
Total nonoperating revenues/(expenses)	(282,789)	(380,876)	(33,008)	13,384	11,400	7,401	(13,781)
Change in net position before contribution, special item, and transfers	302,998	332,678	(4,114)	(201)	1,108	(17,474)	(32,814)
Capital grants	-	-	-	-	-	23,443	11,122
Violation penalty refund (special item)	(26,741)	-	-	-	-	-	-
Transfers	(135,800)	(42,043)	95,000	(796)	(557)	23,656	17,524
Change in net position	140,457	290,635	90,886	(997)	551	29,625	(4,168)
Net position - Beginning	(7,023,026)	(7,313,661)	179,838	21,840	21,289	70,585 *	21,559
Net position - Ending	$ (6,882,569)	$ (7,023,026)	$ 270,724	$ 20,843	$ 21,840	$ 100,210	$ 17,391

* As restated for fiscal year 2022 beginning balance of MTC Clipper, see Note 1 AE for further information.

BATA is the largest of MTC's Business-Type Activities and one of the highest-rated transportation enterprises in the country. The negative net position is the result of BATA financing the seismic retrofit and other regional transportation projects under Regional Measures 1 and 2. However, BATA does not own the assets that are constructed. It is anticipated that the negative net position will resolve itself from future toll revenue and the amortization of toll revenue bond debt.

Net operating income in BATA was $585,787 for FY 2022, a decrease of $127,767 or 18% from FY 2021. Major changes include:

- Total revenues decreased by $86,687 in FY 2022. RM3 revenue of $182,723 for fiscal years 2019 and 2020 were reported in fiscal year 2021; without this amount, revenue for FY 2022 would have been an increase of $96,036. Detailed traffic revenue information is available in the Statistical Section, Table 7.
- Total operating expenses rose by $41,080 in FY 2022, mainly due to the increases in operating expenses at the service center. Certain processing activities were placed on hold at the start of the pandemic in fiscal year 2020 and resumed in November 2021. Allocations to other agencies also contributed to the increase as the facilities were in increased operations compared to the prior fiscal year because of pandemic related reduced operations.

Nonoperating revenue/(expense) decreased by $98,087 or about 26 percent from FY 2021. Major changes included:

- Net investment income increased by $99,642 in FY 2022. BATA had investment losses of $40,036 and unrealized gain of $263,117 from the change in the fair value of derivative instruments.
- The Build America Bonds interest subsidy is the federal subsidy from the U. S. Government. The interest subsidy offsets the interest cost on taxable bonds issued by BATA on FY 2010 and FY 2011. The federal subsidy payment is expected to last for the life of the taxable bonds.
- Distributions to other agencies for capital purposes decreased by $9,916 in FY2022. The decrease was primarily due to the distribution to San Francisco Municipal Transportation Agency (MUNI) for the purchase of light rail vehicles nearing its completion.

MTC SAFE ended FY 2022 with an operating loss of $13,585, which is an increase of $3,293 from FY 2021. MTC SAFE ended FY 2022 with negative change in net position of $997 compared to a positive change of $551 in FY 2021. Major changes include:

- Operating revenues decreased by $206 in FY 2022. Alameda, Contra Costa and Santa Clara counties had an average drop of $45, San Francisco, San Mateo, Solano and Sonoma counties had an average drop of $14 while Marin and Napa had the lowest average drop of $7.
- Operating expenses increased by $3,087 in FY 2022, primarily the result of increases in towing contracts and repairs and maintenance expenses because of upgrades to the callboxes.
- Nonoperating grants increased by $1,987 mainly due to the increase in SB1 grant to fund the Freeway Service Patrol program.

Management's Discussion and Analysis (unaudited - $ in thousands)

MTC Clipper ended FY 2022 with an operating loss of $24,875 which was $5,842 higher than the operating loss recorded in FY2021. Clipper project costs are generally covered by grant (nonoperating) revenue, however, operating costs are covered by a combination of operating grants and operator payments. Operating losses are made up through transfers. Other major changes include:

- Operating revenues increased by $3,914 in FY 2022, primarily the result of an increase in transit ridership compared to prior year during the pandemic.
- Operating expenses for MTC Clipper® increased by $9,756 in FY 2022, mainly due to the increase in professional fees from the increase of the operations after the pandemic.
- Nonoperating revenues/(expenses) decreased by $21,182 primarily because of the capitalization of the Clipper Fare Payment system and related equipment.

G. Financial Analysis of Governmental Funds

The following table details the revenues and expenditures in the governmental funds for the past two fiscal years. Refer to page 41 for the reconciliation of the governmental funds to the Statement of Activities.

	Governmental Funds	
	2022	2021
Revenues:		
Sales taxes	$ 16,821	$ 14,118
Grants - Federal	53,470	56,689
Grants - State	110,814	75,384
Local agencies revenues and refunds	13,351	13,062
Investment income	(1,316)	2,679
Total revenues	193,140	161,932
Expenditures:		
Current:		
General government	80,389	82,914
Allocations to other agencies	107,770	128,930
Capital outlay	11	317
Total expenditures	188,170	212,161
Other financing sources (uses)	17,939	25,075
Net change in fund balance	22,911	(25,154)
Fund balance - beginning *	461,839	486,993
Fund balance - ending	$ 484,750	$ 461,839

* As restated in fiscal year 2021 beginning balance of STA fund balance was restated due to the adoption of GASB Statement No. 84

A large component of all Governmental Fund revenue at MTC is derived from grants. While grant revenue helps insulate MTC from economic swings, the timing of project expenditures, which often cross fiscal years, can have a significant impact on year end balances. The MTC Governmental Funds ended FY 2022 with a net change in fund balance of $22,911 compared to a negative balance of $25,154 for FY 2021.

The MTC General Funds ended FY 2022 with a net change in fund balance surplus of $7,299 which improved the fund balance to $64,888. The general fund surplus increased by $641 compared to FY 2021. The increase is primarily due to the timing related to project related expenses.

Within the governmental funds there are several Special Revenue funds with revenue restricted by statute or adopted policy to certain programs. Highlights of the Special Revenue Funds include:

- AB 664 Toll Revenue Reserve fund ended FY 2022 with a negative fund balance of $33,862 compared with a negative balance of $18,370 for FY 2021. The AB 664 Reserve is a toll funded rail support program where 50 years of toll revenue was advanced in FY 2010. The decrease in fund balance reflects utilization of advanced revenue to pay for appropriate rail projects.
- STA fund ended FY2022 with a fund balance of $114,739 compared to $98,640 for FY 2021. The increase to fund balance is due to increases in the price of diesel fuel which in turn generate increase in sales tax on diesel fuel.
- Rail Reserves fund ended FY 2022 with a negative fund balance of $78,893, a reduction from the negative $84,830 ending FY 2021. The Rail Reserve is another toll funded transit program where a 50-year toll revenue stream was advanced in FY 2010. The negative fund balance will be worked off with the amortization of the toll revenue.
- The Bart Car Exchange fund ended FY 2022 with a fund balance of over $349,285, a decrease of $14,470 from FY 2021. The program is funded with payments exchanged between MTC and BART which are reserved for the purchase of future BART rail cars. The decrease in fund balance resulted from the purchase of new BART replacement cars. The balance will continue to draw down with the delivery of additional new rail cars.

H. General Fund Budget

The original MTC General Fund budget adopted for FY 2022 had a projected deficit of $74,872 which decreased to a projected deficit of $94,446 in the final approved budget. The actual ending balance was a positive $7,299 after transfers.

The final revenue budget was $157,950 with actual year-end revenue of $108,176, a shortfall of $49,774. The final expense budget was $263,917 with actual year-end expenses of $99,741 or $164,176 under budget. The variance in both revenue and expense is due to the timing of project expenses against the grant revenue that reimburses MTC. Project budgets are adopted at the start of the project, for the entire project, even though the project may occur over several years. The grant revenue, on the other hand follows project expenses so it is often mismatched on an annual budget basis. As such, given the size of the annual grant portfolio, it is not unusual to see significant variances in the budget-to-actual numbers.

The timing of project revenue and related expenses in grant-related programs is generally dictated by project timing and not fiscal years.

Management's Discussion and Analysis (unaudited - $ in thousands)

	General Fund			
	Adopted Budget	Final Budget	Actual	Variance
Revenues	$ 140,541	$ 157,950	$ 108,176	$ (49,774)
Expenditures	241,537	263,917	99,741	164,176
Excess/(Deficiency)	(100,996)	(105,967)	8,435	114,402
Transfers in	26,124	31,521	18,864	(12,657)
Transfers out	-	(20,000)	(20,000)	-
Net change in fund balance	(74,872)	(94,446)	7,299	101,745
Fund balance - beginning	57,589	57,589	57,589	-
Fund balance - ending	$ (17,283)	$ (36,857)	$ 64,888	$ 101,745

Overall, the positive ending balance is a swing of $101,745 impacting the MTC ending fund balance.

I. Capital Asset Administration

MTC's total investment in capital assets for all funds, governmental and proprietary is $214,900 as reported under the accrual basis of accounting. In FY 2022 capital assets increased by $212,513. The $128,575 of this increase was from BAIFA assets which was presented as a blended component unit in the Enterprise Funds starting this fiscal year and $82,073 from MTC Clipper capital assets. Assets relating to the seven state-owned bridges administered by BATA are owned by Caltrans. MTC's capital assets are disclosed in Note 4 to the financial statements.

J. Long-Term Debt Administration

During FY 2022, BATA refunded $484,605 and issued $700,000 of new bonds. BATA administers a debt portfolio of $9,649,905, and derivative instruments of $1,440,000. All of BATA's interest rate swaps were ineffective for accounting purposes. Therefore, the changes in fair values of investment derivative instruments are reported within the investment income classification in the Statements of Revenue, Expenses and Changes in Net Position. The fair value of the swap portfolio increased by $263,117. BATA's interest expense on the $3,197,515 of federally taxable Build America Bonds (BABs) was $214,797. The BABs subsidy for FY 2022 was $71,327, and the net interest expense was $143,470.

Additional information on MTC's long-term debt can be found in Note 5 to the financial statements.

K. Economic Factors Impacting MTC

While the general economic picture nationally and regionally has stabilized over the past eighteen months from the challenges posed by the COVID-19 pandemic and ensuing "flash" recession, there are new challenges that MTC and associated agencies must face over FY 2022-23 and beyond.

Inflation has been running very high since early 2021. Inflationary pressures have included supply chain challenges, extremely low unemployment (driven in part by low labor force participation), and the war in Ukraine. For the first several months of this inflationary trend, the Federal Reserve believed these inflationary pressures to be “transitory” (that is, short-term in nature). As it has become clear that these increases are not, in fact, transitory, the Federal Reserve has initiated an assertive campaign of unwinding its monetary stimulus by increasing short-term interest rates and reducing its balance sheet. In pursuing this campaign, the Federal Reserve is attempting to navigate to an economic “soft landing,” in which inflation is reduced, unemployment levels remain acceptable (if somewhat higher than current), and the national economy avoids recession.

Unfortunately, steering the economy to a soft landing is an uncertain enterprise, and it is possible that the Federal Reserve may overshoot, increasing interest rates to a point that the economy goes into recession, or that today’s inflationary pressures are such that increases in interest rates are insufficient to address them. Either of these could significantly increase financial risk to MTC and its associated agencies.

In the San Francisco Bay Area, the overall economy continues to be strong, with robust growth in sales tax revenue, unemployment rates notably lower than national and statewide rates, and inflation which, while high, is lower than national averages as well as other major metropolitan areas in California.

Pandemic related effects in the Bay Area continue, primarily with respect to the issue of “return-to-office”. Office occupancy is down sharply and vacancy rates are up relative to pre-pandemic levels. These trends are likely to have uneven effects across the area, with San Francisco facing significant headwinds on this issue.

Requests for information

This financial report is designed to provide a general overview of the Metropolitan Transportation Commission’s financial position for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Metropolitan Transportation Commission, 375 Beale Street, Suite 800, San Francisco, CA 94105.

Metropolitan Transportation Commission
Table of Contents
June 30, 2022

Metropolitan Transportation Commission
Statement of Net Position
June 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	BAHA
ASSETS				
Cash-unrestricted	$ 337,369,462	$ 248,618,609	$ 585,988,071	$ 29,453,332
Cash-restricted	11,655,085	269,754,643	281,409,728	4,324,772
Investments-unrestricted	75,756,080	-	75,756,080	-
Investments-restricted	352,867,225	2,346,713,588	2,699,580,813	-
Receivables:				
Accounts receivable	2,438,143	36,518,743	38,956,886	200,635
Interests receivable	1,109,738	23,130,554	24,240,292	28,137
Lease receivable from external	-	-	-	24,736,403
Lease receivable from primary government	-	-	-	2,026,252
Funding due from State/ Caltrans	24,143,698	11,160,311	35,304,009	-
Funding due from Federal	20,425,335	3,867,959	24,293,294	-
Due from other governments	3,100,442	618,922	3,719,364	-
Prepaid items and other assets	1,027,203	239,886	1,267,089	178,154
Pension 115 Trust Account	2,900,000	-	2,900,000	-
Net pension asset	6,522,562	8,984,901	15,507,463	66,892
Net OPEB assets	1,965,267	854,511	2,819,778	20,155
Capital assets not being depreciated	-	68,610,276	68,610,276	34,230,605
Capital assets net of accumulated depreciation/ amortization	302,540	145,986,580	146,289,120	160,644,400
TOTAL ASSETS	841,582,780	3,165,059,483	4,006,642,263	255,909,737
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount of refunding	-	431,468,732	431,468,732	-
Deferred outflows from pensions	10,963,929	3,482,546	14,446,475	112,439
Deferred outflows from OPEB	4,917,074	2,137,979	7,055,053	50,427
TOTAL DEFERRED OUTFLOWS OF RESOURCES	15,881,003	437,089,257	452,970,260	162,866

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Net Position
June 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	BAHA
LIABILITIES				
Accounts payable and accrued liabilities	$ 53,192,004	$ 148,289,776	$ 201,481,780	$ 863,534
Accrued interest payable	65	94,491,382	94,491,447	-
Unearned revenue	11,730,187	130,086,462	141,816,649	15,450
Internal balances	4,786,972	(4,786,972)	-	-
Due to other governments	-	-	-	699,081
Non-current liabilities				
Due within one year				
Long term debt	-	86,155,000	86,155,000	-
Other non-current liabilities	2,373,128	2,836,852	5,209,980	81,828
Due in more than one year				
Long term debt	-	9,640,641,699	9,640,641,699	-
Derivative instruments	-	261,589,656	261,589,656	-
Other non-current liabilities	3,437,041	6,411,327	9,848,368	42,257
TOTAL LIABILITIES	75,519,397	10,365,715,182	10,441,234,579	1,702,150
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from lease	-	-	-	26,053,517
Deferred inflows from pension	16,496,807	7,172,923	23,669,730	169,180
Deferred inflows from OPEB	2,019,402	878,050	2,897,452	20,710
Deferred revenues/Deferred charges	280,825,285	(280,825,285)	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	299,341,494	(272,774,312)	26,567,182	26,243,407
NET POSITION				
Net Investment in Capital Assets	302,175	200,562,938	200,865,113	194,753,128
Restricted for:				
Capital projects	490,399,204	77,256,176	567,655,380	4,324,772
Pension	2,900,000	-	2,900,000	-
Operations & Maintenance, under debt covenant	-	174,000,000	174,000,000	-
Extraordinary loss reserve, under Caltrans Coop	-	50,000,000	50,000,000	-
Housing	19,753,154	-	19,753,154	-
Regional Measure 3	-	431,119,100	431,119,100	-
Unrestricted	(30,751,641)	(7,423,730,344)	(7,454,481,985)	29,049,146
TOTAL NET POSITION	$ 482,602,892	$ (6,490,792,130)	$ (6,008,189,238)	$ 228,127,046

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Net Position
June 30, 2021
(For comparative information purposes)

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	BAHA	BAIFA
ASSETS					
Cash-unrestricted	$ 317,814,583	$ 142,791,368	$ 460,605,951	$ 26,519,487	$ 28,607,260
Cash-restricted	5,897,502	601,869,467	607,766,969	4,679,943	20,347,600
Investments-unrestricted	67,747,022	-	67,747,022	-	-
Investments-restricted	367,459,705	1,364,149,108	1,731,608,813	-	9,799,755
Receivables:					
Accounts receivable	1,645,350	43,041,859	44,687,209	336,811	3,585,909
Interests receivable	360,415	19,127,679	19,488,094		248
Funding due from State/ Caltrans	18,019,785	15,405,182	33,424,967	-	-
Funding due from Federal	19,622,507	6,079,023	25,701,530	-	-
Prepaid items and other assets	979,822	452,941	1,432,763	131,407	-
Due from other governments	3,994,112	758,806	4,752,918	-	2,488,106
Pension 115 Trust Account	2,900,000	-	2,900,000	-	-
Net pension asset	-	1,864,330	1,864,330	-	-
Net OPEB asset	4,561,628	1,674,069	6,235,697	39,758	246,570
Capital assets not being depreciated	255,909	225,000	480,909	34,156,444	19,698,357
Capital assets net of accumulated depreciation/ amortization	159,988	1,746,056	1,906,044	166,548,235	112,541,761
TOTAL ASSETS	811,418,328	2,199,184,888	3,010,603,216	232,412,085	197,315,566
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount of refunding	-	441,653,844	441,653,844	-	-
Deferred outflows from pension	13,815,800	3,855,330	17,671,130	120,415	746,786
Deferred outflows from OPEB	2,834,343	1,040,171	3,874,514	24,703	153,205
TOTAL DEFERRED OUTFLOWS OF RESOURCES	16,650,143	446,549,345	463,199,488	145,118	899,991

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Net Position
June 30, 2021
(For comparative information purposes)

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	BAHA	BAIFA
LIABILITIES					
Accounts payable and accrued liabilities	$ 38,581,281	$ 94,720,919	$ 133,302,200	$ 1,145,314	$ 16,476,355
Accrued interest payable	39	92,363,953	92,363,992	-	-
Unearned revenue	8,402,082	116,496,041	124,898,123	13,704	-
Internal balances	2,878,866	(2,878,866)	-		-
Due to other governments	235,758	2,488,106	2,723,864	1,075,323	232,397
Non-current liabilities					
Due within one year					
Long term debt	-	39,905,000	39,905,000	-	-
Other non-current liabilities	3,960,222	1,520,930	5,481,152	93,263	200,760
Due in more than one year					
Long term debt	-	9,039,470,391	9,039,470,391	-	-
Derivative instruments	-	524,706,323	524,706,323	-	-
Net Pension liability	20,274,607	1,773,896	22,048,503	176,707	1,095,905
Other non-current liabilities	2,467,617	13,087,923	15,555,540	25,305	125,094
TOTAL LIABILITIES	76,800,472	9,923,654,616	10,000,455,088	2,529,616	18,130,511
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows from pension	2,103,023	771,788	2,874,811	18,331	113,450
Deferred inflows from OPEB	2,471,107	906,873	3,377,980	21,538	133,571
Deferred revenues/Deferred charges	295,804,897	(295,804,897)	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	300,379,027	(294,126,236)	6,252,791	39,869	247,021
NET POSITION					
Net Investment in Capital Assets	269,983	1,771,056	2,041,039	200,580,939	126,984,374
Restricted for:					
Capital Projects	484,446,492	2,701,378	487,147,870	4,679,943	30,147,355
Pension	2,900,000	-	2,900,000	-	-
Operations & Maintenance, under debt covenant	-	180,000,000	180,000,000	-	-
Extraordinary loss reserve, under Caltrans Coop	-	50,000,000	50,000,000	-	-
Regional Measure 3	-	275,543,252	275,543,252		-
Unrestricted	(36,727,503)	(7,493,809,833)	(7,530,537,336)	24,726,836	22,706,296
TOTAL NET POSITION	$ 450,888,972	$ (6,983,794,147)	$ (6,532,905,175)	$ 229,987,718	$ 179,838,025

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission

Statement of Activities

For the Year Ended June 30, 2022

		Program Revenues				Net (Expenses) Revenues and Changes in Net Position: Primary Government			Net (Expenses) Revenues and Changes in Net Position: Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues	Governmental Activities	Business-type Activities	Total	BAHA
Functions									
Primary Government:									
Governmental Activities:									
General Government	$ 89,826,261	$ -	$ 65,630,229	$ -	$ 65,630,229	$ (24,196,032)	$ -	$ (24,196,032)	$ -
Transportation	88,118,693	-	110,814,370	-	110,814,370	22,695,677	-	22,695,677	-
Housing	230,640	-	-	-	-	(230,640)	-	(230,640)	-
Total Governmental Activities	178,175,594	-	176,444,599	-	176,444,599	(1,730,995)	-	(1,730,995)	-
Business-Type Activities:									
MTC Clipper® smart card	39,539,063	11,578,160	10,366,229	23,443,205	45,387,594	-	5,848,531	5,848,531	-
Toll Bridge Activities	786,131,573	776,133,557	88,833,935	-	864,967,492	-	78,835,919	78,835,919	-
Express Lane Activities	65,538,144	60,253,182	942,807	-	61,195,989	-	(4,342,155)	(4,342,155)	-
Congestion Relief	20,076,445	6,490,693	13,373,585	-	19,864,278	-	(212,167)	(212,167)	-
Total Business-Type Activities	911,285,225	854,455,592	113,516,556	23,443,205	991,415,353	-	80,130,128	80,130,128	-
Total Primary Government	$ 1,089,460,819	$ 854,455,592	$ 289,961,155	$ 23,443,205	$ 1,167,859,952	(1,730,995)	80,130,128	78,399,133	-
Component Unit:									
BAHA	$ 12,446,934	$ 10,381,034	$ 195,321	$ -	$ 10,576,355				(1,870,579)
Total Component Unit	$ 12,446,934	$ 10,381,034	$ 195,321	$ -	$ 10,576,355				(1,870,579)
General Revenues:									
Sales tax						16,821,183	-	16,821,183	-
Unrestricted investment earnings						(1,316,225)	223,440,468	222,124,243	1,090,530
Return of contribution from BAHA						-	1,080,623	1,080,623	(1,080,623)
Special Items									
Violation penalty refund						-	(26,741,329)	(26,741,329)	-
Transfers						17,939,957	(17,939,957)	-	-
Total General Revenues, Special Items, and Transfers						33,444,915	179,839,805	213,284,720	9,907
Change in Net Position						31,713,920	259,969,933	291,683,853	(1,860,672)
Net Position - Beginning, as restated*						450,888,972	(6,750,762,063)	(6,299,873,091)	229,987,718
Net Position - Ending						$ 482,602,892	$ (6,490,792,130)	$ (6,008,189,238)	$ 228,127,046

* For beginning balance of Business-type Activities, see Note 1 AE for further information.

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Activities
For the Year Ended June 30, 2021
(For comparative information purposes)

		Program Revenues				Net (Expenses) Revenues and Changes in Net Position				
						Primary Government			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues	Governmental Activities	Business-type Activities	Total	BAHA	BAIFA
Functions										
Primary Government:										
Governmental Activities:										
General Government	$ 100,422,369	$ -	$ 67,797,227	$ -	$ 67,797,227	$ (32,625,142)	$ -	$ (32,625,142)	$ -	$ -
Transportation	110,297,886	-	75,383,928	-	75,383,928	(34,913,958)	-	(34,913,958)	-	-
Total Governmental Activities	210,720,255	-	143,181,155	-	143,181,155	(67,539,100)	-	(67,539,100)	-	-
Business-Type Activities:										
MTC Clipper® smart card	52,384,899	7,664,195	11,855,614	11,122,129	30,641,938	-	(21,742,961)	(21,742,961)	-	-
Toll Bridge Activities	747,115,923	862,820,772	92,534,021	-	955,354,793	-	208,238,870	208,238,870	-	-
Congestion Relief	16,989,479	6,697,594	11,394,548	-	18,092,142	-	1,102,663	1,102,663	-	-
Total Business-Type Activities	816,490,301	877,182,561	115,784,183	11,122,129	1,004,088,873	-	187,598,572	187,598,572	-	-
Total Primary Government	$ 1,027,210,556	$ 877,182,561	$ 258,965,338	$ 11,122,129	$ 1,147,270,028	(67,539,100)	187,598,572	120,059,472	-	-
Component Units:										
BAHA	$ 12,429,227	$ 10,590,749	$ 182,076	$ -	$ 10,772,825				(1,656,402)	-
BAIFA	76,906,314	29,698,089	96,371	-	29,794,460				-	(47,111,854)
Total Component Units	$ 89,335,541	$ 40,288,838	$ 278,447	$ -	$ 40,567,285				(1,656,402)	(47,111,854)
General Revenues:										
Sales tax						14,117,813	-	14,117,813	-	-
Unrestricted investment earnings						2,679,092	123,495,333	126,174,425	7,727	67,511
Return of contribution from BAHA						-	1,000,000	1,000,000	(1,000,000)	-
Transfers						25,075,562	(25,075,562)	-	-	-
Total General Revenues and Transfers						41,872,467	99,419,771	141,292,238	(992,273)	67,511
Change in Net Position						(25,666,633)	287,018,343	261,351,710	(2,648,675)	(47,044,343)
Net Position - Beginning, as restated*						476,555,605	(7,270,812,490)	(6,794,256,885)	232,636,393	226,882,368
Net Position - Ending						$ 450,888,972	$ (6,983,794,147)	$ (6,532,905,175)	$ 229,987,718	$ 179,838,025

* As restated in fiscal year 2021, beginning balance of Governmental Activities reflected the impact of GASB Statement 84 adoption.

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Balance Sheet - Governmental Funds
June 30, 2022

		Special Revenue Funds						
	General	AB 664 Net Toll Revenue Reserve	State Transit Assistance	Rail Reserves	BART Car Exchange	Bay Area Housing Finance Authority	Non-Major Governmental Funds	Total Governmental Funds
ASSETS								
Cash - unrestricted	$ 51,986,633	$ 71,912,483	$ 105,781,174	$ 16,321,708	$ -	$ 19,841,704	$ 71,525,760	$ 337,369,462
Cash - restricted	7,878,503	-	-	-	3,776,582	-	-	11,655,085
Investments - unrestricted	-	50,083,704	-	15,347,304	-	-	10,325,072	75,756,080
Investment - restricted	-	-	-	-	352,867,225	-	-	352,867,225
Accounts receivable	2,395,153	-	-	-	-	-	42,990	2,438,143
Interest receivable	39,767	150,417	237,212	23,868	623,003	-	35,471	1,109,738
State / Caltrans funding receivable	2,487,697	-	21,656,001	-	-	-	-	24,143,698
Federal funding receivable	20,425,335	-	-	-	-	-	-	20,425,335
Due from Other Funds	1,940,679	-	-	-	-	-	-	1,940,679
Due from other governments	3,100,442	-	-	-	-	-	-	3,100,442
Pension 115 Trust	2,900,000	-	-	-	-	-	-	2,900,000
Prepaid items and other assets	1,027,203	-	-	-	-	-	-	1,027,203
TOTAL ASSETS	$ 94,181,412	$ 122,146,604	$ 127,674,387	$ 31,692,880	$ 357,266,810	$ 19,841,704	$ 81,929,293	$ 834,733,090
LIABILITIES								
Accounts payable and accrued expenditures	$ 16,903,580	$ 18,407,351	$ 8,854,121	$ 62,615	$ 7,981,322	$ 27,887	$ 107,183	$ 52,344,059
Accrued interest payable	65	-	-	-	-	-	-	65
Deposit payable	250,000	-	-	-	-	-	-	250,000
Unearned revenue	9,238,582	-	-	-	-	-	-	9,238,582
Retention payable	597,955	-	-	-	-	-	-	597,955
Due to other funds	2,302,830	-	4,081,475	-	-	41,246	302,100	6,727,651
TOTAL LIABILITIES	29,293,012	18,407,351	12,935,596	62,615	7,981,322	69,133	409,283	69,158,312
DEFERRED INFLOWS OF RESOURCES								
Deferred revenue	-	137,601,032	-	110,522,902	-	-	32,701,351	280,825,285
TOTAL DEFERRED INFLOWS OF RESOURCES	-	137,601,032	-	110,522,902	-	-	32,701,351	280,825,285

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Balance Sheet - Governmental Funds
June 30, 2022

	General	Special Revenue Funds: AB 664 Net Toll Revenue Reserve	Special Revenue Funds: State Transit Assistance	Special Revenue Funds: Rail Reserves	Special Revenue Funds: BART Car Exchange	Special Revenue Funds: Bay Area Housing Finance Authority	Non-Major Governmental Funds	Total Governmental Funds
FUND BALANCES								
Nonspendable								
Prepaid items	$ 1,027,203	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,027,203
Restricted for:								
Transportation projects	-	-	114,738,791	-	-	-	26,374,926	141,113,717
Rail projects	-	-	-	-	349,285,488	-	-	349,285,488
Housing projects	-	-	-	-	-	19,772,571	-	19,772,571
Pension	2,900,000	-	-	-	-	-	-	2,900,000
Committed to:								
Benefits reserve	2,208,732	-	-	-	-	-	-	2,208,732
Liability reserve	1,171,720	-	-	-	-	-	-	1,171,720
Transportation projects	4,836,487	-	-	-	-	-	22,443,733	27,280,220
Unassigned	52,744,258	(33,861,779)	-	(78,892,637)	-	-	-	(60,010,158)
TOTAL FUND BALANCES	64,888,400	(33,861,779)	114,738,791	(78,892,637)	349,285,488	19,772,571	48,818,659	484,749,493
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 94,181,412	$ 122,146,604	$ 127,674,387	$ 31,692,880	$ 357,266,810	$ 19,841,704	$ 81,929,293	$ 834,733,090

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2022

Governmental funds balance	$ 484,749,493
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 fund statement.	302,540
Underabsorption of applied overhead is recorded as unearned revenue as it is not available in the current period and, therefore, not reported in the fund statement.	(2,491,595)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the fund statement.	(5,810,169)
Net pension liability / (asset) and related accounts (deferred outflows/inflows) are not due and payable in the current period and, therefore, are not reported in the fund statement.	989,684
Net OPEB liability/asset and related accounts (deferred outflows/inflows) are not due and payable in the current period and, therefore, are not reported in the fund statement.	4,862,939
Net position of governmental activities	$ 482,602,892

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Balance Sheet - Governmental Funds
June 30, 2021
(For comparative information purposes)

		Special Revenue Funds					
	General	AB 664 Net Toll Revenue Reserve	State Transit Assistance	Rail Reserves	BART Car Exchange	Non-Major Governmental Funds	Total Governmental Funds
ASSETS							
Cash - unrestricted	$ 41,183,708	$ 89,136,654	$ 92,249,748	$ 24,275,239	$ -	$ 70,969,234	$ 317,814,583
Cash - restricted	5,787,317	-	-	-	110,185	-	5,897,502
Investments - unrestricted	-	49,997,650	-	7,349,787	-	10,399,585	67,747,022
Investment - restricted	-	-	-	-	367,459,705	-	367,459,705
Accounts receivable	1,645,350	-	-	-	-	-	1,645,350
Interest receivable	191	50,336	287,487	8,342	13,805	254	360,415
State/ Caltrans funding receivable	2,386,880	-	15,632,905	-	-	-	18,019,785
Federal funding receivable	19,622,506	-	-	-	-	-	19,622,506
Due from Other Funds	2,736,063	-	-	-	-	-	2,736,063
Due from other governments	3,994,112	-	-	-	-	-	3,994,112
Pension 115 Trust	2,900,000	-	-	-	-	-	2,900,000
Prepaid items and other assets	979,822	-	-	-	-	-	979,822
TOTAL ASSETS	$ 81,235,949	$ 139,184,640	$ 108,170,140	$ 31,633,368	$ 367,583,695	$ 81,369,073	$ 809,176,865
LIABILITIES							
Accounts payable and accrued expenditures	$ 12,352,533	$ 12,637,906	$ 7,621,957	$ 445	$ 3,827,645	$ 1,301,481	$ 37,741,967
Accrued interest payable	39	-	-	-	-	-	39
Deposit payable	250,000	-	-	-	-	-	250,000
Unearned revenue	7,101,030	-	-	-	-	-	7,101,030
Retention payable	589,313	-	-	-	-	-	589,313
Due to other funds	3,118,196	-	1,908,227	-	-	588,506	5,614,929
Due to other governments	235,758	-	-	-	-	-	235,758
TOTAL LIABILITIES	23,646,869	12,637,906	9,530,184	445	3,827,645	1,889,987	51,533,036
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	-	144,916,493	-	116,462,635	-	34,425,769	295,804,897
TOTAL DEFERRED INFLOWS OF RESOURCES	-	144,916,493	-	116,462,635	-	34,425,769	295,804,897

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Balance Sheet - Governmental Funds
June 30, 2021
(For comparative information purposes)

		Special Revenue Funds					
	General	AB 664 Net Toll Revenue Reserve	State Transit Assistance	Rail Reserves	BART Car Exchange	Non-Major Governmental Funds	Total Governmental Funds
FUND BALANCES							
Nonspendable							
Prepaid items	$ 979,822	$ -	$ -	$ -	$ -	$ -	$ 979,822
Restricted for:							
Transportation projects	-	-	98,639,956	-	-	22,050,487	120,690,443
Rail projects	-	-	-	-	363,756,050	-	363,756,050
Pension	2,900,000	-	-	-	-	-	2,900,000
Committed to:							
Benefits reserve	5,534,545	-	-	-	-	-	5,534,545
Liability reserve	124,279	-	-	-	-	-	124,279
Transportation projects	3,776,578	-	-	-	-	23,002,830	26,779,408
Unassigned	44,273,856	(18,369,759)	-	(84,829,712)	-	-	(58,925,615)
TOTAL FUND BALANCES	57,589,080	(18,369,759)	98,639,956	(84,829,712)	363,756,050	45,053,317	461,838,932
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 81,235,949	$ 139,184,640	$ 108,170,140	$ 31,633,368	$ 367,583,695	$ 81,369,073	$ 809,176,865

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2021
(For comparative information purposes)

Governmental funds balance	$ 461,838,932
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 fund statement.	415,897
Underabsorption of applied overhead is recorded as unearned revenue as it is not available in the current period and, therefore, not reported in the fund statement.	(1,301,053)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the fund statement.	(6,427,839)
Net pension liability and related accounts (deferred outflows/inflows) are not due and payable in the current period and, therefore, are not reported in the fund statement.	(8,561,829)
Net OPEB liability and related accounts (deferred outflows/inflows) are not due and payable in the current period and, therefore, are not reported in the fund statement.	4,924,864
Net position of governmental activities	$ 450,888,972

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2022

	General	Special Revenue Funds: AB 664 Net Toll Revenue Reserve	State Transit Assistance	Rail Reserves	BART Car Exchange	Bay Area Housing Finance Authority	Non-Major Governmental Funds	Total Governmental Funds
REVENUES								
Sales Taxes	$ 16,821,183	$ -	$ -	$ -	$ -	$ -	$ -	$ 16,821,183
Federal Grants	53,469,915	-	-	-	-	-	-	53,469,915
State Grants	26,532,642	-	80,870,728	-	-	-	3,411,000	110,814,370
Local agencies revenues and refunds	11,287,958	5,246	2,049,381	3,739	-	-	4,542	13,350,866
Investment income - unrestricted	64,124	299,572	(2,581,532)	57,552	-	3,211	71,153	(2,085,920)
Investment income - restricted	-	-	-	-	769,695	-	-	769,695
TOTAL REVENUES	108,175,822	304,818	80,338,577	61,291	769,695	3,211	3,486,695	193,140,109
EXPENDITURES								
Current:								
General Government	80,078,933	5,013	-	1,979	4,875	230,640	67,750	80,389,190
Allocations to other agencies	19,650,838	23,107,286	49,558,530	61,970	15,235,382	-	155,526	107,769,532
Capital outlay	10,783	-	-	-	-	-	-	10,783
TOTAL EXPENDITURES	99,740,554	23,112,299	49,558,530	63,949	15,240,257	230,640	223,276	188,169,505
EXCESS/(DEFICIENCY) OF REVENUES OVER/(UNDER) EXPENDITURES	8,435,268	(22,807,481)	30,780,047	(2,658)	(14,470,562)	(227,429)	3,263,419	4,970,604
OTHER FINANCING SOURCES (USES)								
Transfers In	18,864,052	7,315,461	-	5,939,733	-	20,000,000	1,724,418	53,843,664
Transfers Out	(20,000,000)	-	(14,681,212)	-	-	-	(1,222,495)	(35,903,707)
TOTAL OTHER FINANCING SOURCES (USES)	(1,135,948)	7,315,461	(14,681,212)	5,939,733	-	20,000,000	501,923	17,939,957
NET CHANGE IN FUND BALANCES	7,299,320	(15,492,020)	16,098,835	5,937,075	(14,470,562)	19,772,571	3,765,342	22,910,561
Fund balances - beginning	57,589,080	(18,369,759)	98,639,956	(84,829,712)	363,756,050	-	45,053,317	461,838,932
Fund balances - ending	$ 64,888,400	$ (33,861,779)	$ 114,738,791	$ (78,892,637)	$ 349,285,488	$ 19,772,571	$ 48,818,659	$ 484,749,493

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2021
(For comparative information purposes)

	General	Special Revenue Funds: AB 664 Net Toll Revenue Reserve	Special Revenue Funds: State Transit Assistance	Special Revenue Funds: Rail Reserves	Special Revenue Funds: BART Car Exchange	Non-Major Governmental Funds	Total Governmental Funds
REVENUES							
Sales Taxes	$ 14,117,813	$ -	$ -	$ -	$ -	$ -	$ 14,117,813
Federal Grants	56,689,023	-	-	-	-	-	56,689,023
State Grants	7,499,903	-	64,509,346	-	-	3,374,680	75,383,929
Local agencies revenues and refunds	9,982,579	-	3,079,356	-	-	-	13,061,935
Investment income - unrestricted	17,400	412,662	1,765,125	66,925	-	36,762	2,298,874
Investment income - restricted	-	-	-	-	380,218	-	380,218
TOTAL REVENUES	88,306,718	412,662	69,353,827	66,925	380,218	3,411,442	161,931,792
EXPENDITURES							
Current:							
General Government	81,997,085	6,262	-	1,929	4,770	904,248	82,914,294
Allocations to other agencies	18,632,562	28,356,967	40,797,424	2,316,843	38,096,083	730,570	128,930,449
Capital outlay	316,647	-	-	-	-	-	316,647
TOTAL EXPENDITURES	100,946,294	28,363,229	40,797,424	2,318,772	38,100,853	1,634,818	212,161,390
EXCESS/(DEFICIENCY) OF REVENUES OVER/(UNDER) EXPENDITURES	(12,639,576)	(27,950,567)	28,556,403	(2,251,847)	(37,720,635)	1,776,624	(50,229,598)
OTHER FINANCING SOURCES (USES)							
Transfers In	19,297,306	7,614,184	-	6,182,279	-	1,794,835	34,888,604
Transfers Out	-	-	(7,284,109)	-	-	(2,528,933)	(9,813,042)
TOTAL OTHER FINANCING SOURCES (USES)	19,297,306	7,614,184	(7,284,109)	6,182,279	-	(734,098)	25,075,562
NET CHANGE IN FUND BALANCES	6,657,730	(20,336,383)	21,272,294	3,930,432	(37,720,635)	1,042,526	(25,154,036)
Fund balances - beginning, as restated	50,931,350	1,966,624	77,367,662 *	(88,760,144)	401,476,685	44,010,791	486,992,968
Fund balances - ending	$ 57,589,080	$ (18,369,759)	$ 98,639,956	$ (84,829,712)	$ 363,756,050	$ 45,053,317	$ 461,838,932

*In fiscal year 2021, beginning balance was restated due to the adoption of GASB Statement 84.

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022
(With comparative information for the prior year)

	2022	2021
Net change in fund balances - total governmental funds (per Statement of Revenues, Expenditures and Changes in Fund Balances)	$ 22,910,561	$ (25,154,036)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation expense exceeds (does not exceed) non capital lease capital outlays in the current period. See Note 1.N.	(113,357)	170,516
Principal repayment on capital leases is an expenditure in the governmental funds; however, the principal element of the repayment reduces long-term liabilities in the Statement of Net Position. The amount is the effect of the differing treatment of capital lease principal repayment.	-	51,287
Governmental funds report under absorption of applied overhead as unearned revenue; however, in the Statement of Activities, the underabsorption is reported as revenue.	(1,190,548)	(1,953,734)
Some items do not require the use of current financial resources and, therefore, are not reported in the governmental funds:		
Change in compensated absences	617,670	(1,462,672)
Change in net pension liability/asset and related accounts	9,551,514	3,556,424
Change in net OPEB liability/asset and related accounts	(61,920)	(874,418)
Change in net position of governmental activities (per Statement of Activities)	$ 31,713,920	$ (25,666,633)

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Net Position - Proprietary Funds
June 30, 2022

	Bay Area Toll Authority	Service Authority for Freeways and Expressways	BAIFA	Non-major Proprietary Fund MTC-Clipper®	Total Enterprise Funds
ASSETS					
Current assets:					
Cash - unrestricted	$ 130,829,793	$ 15,633,527	$ 70,203,277	$ 31,952,012	$ 248,618,609
Cash - restricted	139,909,388	-	-	1,436,739	141,346,127
Due from other funds	15,261,992	2,302,830	2,919,186	6,913,925	27,397,933
Due from other governments	618,922	-	-	-	618,922
Accounts receivables	30,016,660	-	3,040,313	3,461,770	36,518,743
Accrued interest	22,951,978	5,648	172,928	-	23,130,554
Prepaid expenses and other assets	235,496	3,027	488	875	239,886
Funding due from State/ Caltrans	6,169,249	4,990,067	-	995	11,160,311
Funding due from Federal	-	-	-	3,867,959	3,867,959
Total current assets	345,993,478	22,935,099	76,336,192	47,634,275	492,899,044
Non-current assets:					
Cash - restricted	122,612,335	-	5,796,181	-	128,408,516
Investments - restricted	2,276,690,332	-	70,023,256	-	2,346,713,588
Net pension asset	8,075,521	134,856	330,948	443,576	8,984,901
Net OPEB asset	580,512	40,633	99,715	133,651	854,511
Capital assets not being depreciated	769,688	-	7,873,447	59,967,141	68,610,276
Capital assets, net of accumulated depreciation/amortization	2,991,305	187,890	120,701,148	22,106,237	145,986,580
Total non-current assets	2,411,719,693	363,379	204,824,695	82,650,605	2,699,558,372
TOTAL ASSETS	2,757,713,171	23,298,478	281,160,887	130,284,880	3,192,457,416
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount of refunding	431,468,732	-	-	-	431,468,732
Deferred charges	280,825,285	-	-	-	280,825,285
Deferred outflows from pensions	1,953,945	226,686	556,297	745,618	3,482,546
Deferred outflows from OPEB	1,452,434	101,664	249,487	334,394	2,137,979
TOTAL DEFERRED OUTFLOWS OF RESOURCES	715,700,396	328,350	805,784	1,080,012	717,914,542

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Net Position - Proprietary Funds
June 30, 2022

	Bay Area Toll Authority	Service Authority for Freeways and Expressways	BAIFA	Non-major Proprietary Fund MTC-Clipper®	Total Enterprise Funds
LIABILITIES					
Current liabilities:					
Accounts payable and accrued expenses	$ 121,618,995	$ 2,253,600	$ 7,666,624	$ 10,789,800	$ 142,329,019
Accrued interest payable	94,491,382	-	-	-	94,491,382
Due to other funds	7,348,969	-	261,992	15,000,000	22,610,961
Unearned revenue	130,086,462	-	-	-	130,086,462
Retention payable	357,475	-	1,993,726	3,609,556	5,960,757
Long term debt - current	86,155,000	-	-	-	86,155,000
Compensated absences - current	994,424	60,117	155,540	202,741	1,412,822
Lease liability - current	1,424,030	-	-	-	1,424,030
Total current liabilities	442,476,737	2,313,717	10,077,882	29,602,097	484,470,433
Non-current liabilities:					
Unearned revenue/ Patron deposits	3,762,891	-	-	-	3,762,891
Long term debt, net	9,640,641,699	-	-	-	9,640,641,699
Derivative instruments	261,589,656	-	-	-	261,589,656
Compensated absences	1,440,241	87,068	225,271	293,634	2,046,214
Lease liability	602,222	-	-	-	602,222
Total non-current liabilities	9,908,036,709	87,068	225,271	293,634	9,908,642,682
TOTAL LIABILITIES	10,350,513,446	2,400,785	10,303,153	29,895,731	10,393,113,115
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows from pensions	4,872,924	341,082	837,030	1,121,887	7,172,923
Deferred inflows from OPEB	596,503	41,752	102,462	137,333	878,050
TOTAL DEFERRED INFLOWS OF RESOURCES	5,469,427	382,834	939,492	1,259,220	8,050,973
NET POSITION					
Net investment in capital assets	1,534,741	187,890	125,441,891	73,398,416	200,562,938
Restricted for:					
Capital Projects	-	-	75,819,437	1,436,739	77,256,176
Operations & Maintenance, under debt covenant	174,000,000	-	-	-	174,000,000
Extraordinary loss reserve, under Caltrans Coop	50,000,000	-	-	-	50,000,000
Regional Measure 3	431,119,100	-	-	-	431,119,100
Unrestricted	(7,539,223,147)	20,655,319	69,462,698	25,374,786	(7,423,730,344)
TOTAL NET POSITION	$ (6,882,569,306)	$ 20,843,209	$ 270,724,026	$ 100,209,941	$ (6,490,792,130)

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Net Position - Proprietary Funds
June 30, 2021
(For comparative information purposes)

	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total Enterprise Funds
ASSETS				
Current assets:				
Cash - unrestricted	$ 10,373,751	$ 117,779,344	$ 14,638,273	$ 142,791,368
Cash - restricted	2,701,378	136,218,342	-	138,919,720
Due from other Funds	3,864,478	-	3,118,196	6,982,674
Due from other governments	-	758,806	-	758,806
Accounts receivables	2,491,863	40,549,996	-	43,041,859
Accrued interest	-	19,127,585	94	19,127,679
Prepaid expenses and other assets	875	375,477	76,589	452,941
Funding due from State/ Caltrans	358,346	9,565,138	5,481,698	15,405,182
Funding due from Federal	6,079,023	-	-	6,079,023
Total current assets	25,869,714	324,374,688	23,314,850	373,559,252
Non-current assets:				
Cash - restricted	-	462,949,747	-	462,949,747
Investments - restricted	-	1,364,149,108	-	1,364,149,108
Net Pension Asset	-	1,864,330	-	1,864,330
Net OPEB Assets	301,400	1,274,955	97,714	1,674,069
Capital assets, net of accumulated depreciation/ amortization	-	1,637,540	333,516	1,971,056
Total non-current assets	301,400	1,831,875,680	431,230	1,832,608,310
TOTAL ASSETS	26,171,114	2,156,250,368	23,746,080	2,206,167,562
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount of refunding	-	441,653,844	-	441,653,844
Deferred charges	-	295,804,897	-	295,804,897
Deferred outflows from pension	912,850	2,646,536	295,944	3,855,330
Deferred outflows from OPEB	187,273	792,186	60,712	1,040,171
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,100,123	740,897,463	356,656	742,354,242

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Net Position - Proprietary Funds
June 30, 2021
(For comparative information purposes)

	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total Enterprise Funds
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenditures	$ 5,499,795	$ 84,555,755	$ 1,597,425	$ 91,652,975
Accrued interest payable	-	92,363,953	-	92,363,953
Due to other funds	-	4,103,808	-	4,103,808
Due to other governments	-	2,488,106	-	2,488,106
Unearned revenue	-	116,496,041	-	116,496,041
Retention payable	2,301,226	766,718	-	3,067,944
Long term debt - current	-	39,905,000	-	39,905,000
Compensated absences - current	269,309	1,169,744	81,877	1,520,930
Total current liabilities	8,070,330	341,849,125	1,679,302	351,598,757
Non-current liabilities:				
Unearned revenue/ Patron deposits	-	12,140,232	-	12,140,232
Long term debt, net	-	9,039,470,391	-	9,039,470,391
Derivative instruments	-	524,706,323	-	524,706,323
Compensated absences	167,807	728,867	51,017	947,691
Net pension liability	1,339,599	-	434,297	1,773,896
Total non-current liabilities	1,507,406	9,577,045,813	485,314	9,579,038,533
TOTAL LIABILITIES	9,577,736	9,918,894,938	2,164,616	9,930,637,290
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pensions	138,953	587,786	45,049	771,788
Deferred inflows from OPEB	163,274	690,665	52,934	906,873
TOTAL DEFERRED INFLOWS OF RESOURCES	302,227	1,278,451	97,983	1,678,661
NET POSITION				
Net investment in capital assets	-	1,437,540	333,516	1,771,056
Restricted for:				
Capital projects	2,701,378	-	-	2,701,378
Operations & Maintenance, under debt covenant	-	180,000,000	-	180,000,000
Extraordinary loss reserve, under Caltrans Coop	-	50,000,000	-	50,000,000
Regional Measure 3	-	275,543,252	-	275,543,252
Unrestricted	14,689,896	(7,530,006,350)	21,506,621	(7,493,809,833)
TOTAL NET POSITION	$ 17,391,274	$ (7,023,025,558)	$ 21,840,137	$ (6,983,794,147)

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Year Ended June 30, 2022

	Bay Area Toll Authority	Service Authority for Freeways and Expressways	BAIFA	Non-major Proprietary Fund MTC-Clipper®	Total Enterprise Funds
OPERATING REVENUES					
Toll revenues collected	$ 756,197,028	$ -	$ 52,398,523	$ -	$ 808,595,551
Department of Motor Vehicles registration fees	-	6,490,693	-	-	6,490,693
Revenues from operators	-	-	-	11,578,160	11,578,160
Other operating revenues	19,936,529	-	7,854,659	-	27,791,188
TOTAL OPERATING REVENUES	776,133,557	6,490,693	60,253,182	11,578,160	854,455,592
OPERATING EXPENSES					
Operating expense incurred by Caltrans	2,701,257	-	-	-	2,701,257
Operating expenses - Transbay JPA	5,572,468	-	-	-	5,572,468
Towing contracts	-	16,716,968	-	-	16,716,968
Professional fees	91,394,302	984,115	15,654,158	26,146,687	134,179,262
Allocations to other agencies	40,768,961	-	-	1,991,242	42,760,203
Salaries and benefits	14,592,199	866,475	2,156,932	2,700,277	20,315,883
Repairs and maintenance	-	447,357	-	-	447,357
Communication charges	29,409	250,005	-	-	279,414
Depreciation and amortization	2,137,211	145,626	11,204,317	3,953,292	17,440,446
Other operating expenses	33,150,851	665,899	2,343,451	1,661,882	37,822,083
TOTAL OPERATING EXPENSES	190,346,658	20,076,445	31,358,858	36,453,380	278,235,341
OPERATING INCOME (LOSS)	585,786,899	(13,585,752)	28,894,324	(24,875,220)	576,220,251

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Year Ended June 30, 2022

	Bay Area Toll Authority	Service Authority for Freeways and Expressways	BAIFA	Non-major Proprietary Fund MTC-Clipper®	Total Enterprise Funds
NONOPERATING REVENUES (EXPENSES)					
Investment income (loss)	$ 223,081,162	$ 10,957	$ 228,156	$ 120,193	$ 223,440,468
Build America Bonds (BABs) interest subsidy	71,326,571	-	-	-	71,326,571
Interest expense	(434,113,841)	-	-	-	(434,113,841)
Financing fees and bond issuance costs	(15,502,709)	-	-	-	(15,502,709)
Other non-operating expense	(6,038,810)	-	-	-	(6,038,810)
Caltrans/other agency grants and reimbursements	11,847,655	13,365,423	-	-	25,213,078
Federal grants	-	-	-	3,629,189	3,629,189
Distribution to other agencies	(54,900,429)	-	(17,163,246)	(3,085,683)	(75,149,358)
Capital, operating and maintenance expenses for other agencies	-	-	(17,016,040)	-	(17,016,040)
Distribution to Caltrans for their capital purposes	(85,229,126)	-	-	-	(85,229,126)
Return of contribution from BAHA	1,080,623	-	-	-	1,080,623
Other nonoperating revenues	5,659,709	8,162	942,807	6,737,039	13,347,717
TOTAL NONOPERATING REVENUES (EXPENSES)	(282,789,195)	13,384,542	(33,008,323)	7,400,738	(295,012,238)
INCOME (LOSS) BEFORE CONTRIBUTIONS, SPECIAL ITEMS, AND TRANSFERS	302,997,704	(201,210)	(4,113,999)	(17,474,482)	281,208,013
CONTRIBUTIONS, SPECIAL ITEMS, AND TRANSFERS					
Capital grants	-	-	-	23,443,206	23,443,206
Violation penalty refund (special item)	(26,741,329)	-	-	-	(26,741,329)
Transfers out	(30,332,843)	(795,718)	-	-	(31,128,561)
Transfers in	-	-	-	13,188,604	13,188,604
Transfer between programs	(105,467,280)	-	95,000,000	10,467,280	-
TOTAL CONTRIBUTIONS, SPECIAL ITEMS, AND TRANSFERS	(162,541,452)	(795,718)	95,000,000	47,099,090	(21,238,080)
CHANGE IN NET POSITION	140,456,252	(996,928)	90,886,001	29,624,608	259,969,933
Total net position - beginning, as restated*	(7,023,025,558)	21,840,137	179,838,025	70,585,333	(6,750,762,063)
Total net position - ending	$ (6,882,569,306)	$ 20,843,209	$ 270,724,026	$ 100,209,941	$ (6,490,792,130)

* See Note 1 AE for further information.

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Revenues, Expenses and Changes in Net Position-
Proprietary Funds
For the Year Ended June 30, 2021
(For comparative information purposes)

	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total Enterprise Funds
OPERATING REVENUES				
Toll revenues collected	$ -	$ 830,404,755	$ -	$ 830,404,755
Department of Motor Vehicles registration fees	-	-	6,697,594	6,697,594
Revenues from operators	7,660,541	-	-	7,660,541
Other operating revenues	3,654	32,416,017	-	32,419,671
TOTAL OPERATING REVENUES	7,664,195	862,820,772	6,697,594	877,182,561
OPERATING EXPENSES				
Operating expenses incurred by Caltrans	-	1,853,406	-	1,853,406
Operating expenses - Transbay JPA	-	5,384,027	-	5,384,027
Towing contracts	-	-	14,161,434	14,161,434
Professional fees	20,328,105	71,409,971	649,125	92,387,201
Allocations to other agencies	1,577,297	32,954,751	-	34,532,048
Salaries and benefits	2,964,969	13,339,813	944,601	17,249,383
Repairs and maintenance	-	-	154,369	154,369
Communication charges	-	53,177	289,904	343,081
Depreciation and amortization	-	1,576,138	156,215	1,732,353
Other operating expenses	1,826,923	22,695,871	633,829	25,156,623
TOTAL OPERATING EXPENSES	26,697,294	149,267,154	16,989,477	192,953,925
OPERATING INCOME (LOSS)	(19,033,099)	713,553,618	(10,291,883)	684,228,636

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Revenues, Expenses and Changes in Net Position-
Proprietary Funds
For the Year Ended June 30, 2021
(For comparative information purposes)

	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total Enterprise Funds
NONOPERATING REVENUES (EXPENSES)				
Investment income (charge)	$ 50,568	$ 123,439,058	$ 5,707	$ 123,495,333
Build America Bonds (BABs) interest subsidy	-	71,722,983	-	71,722,983
Interest expense	-	(436,732,299)	-	(436,732,299)
Financing fees and bond issuance costs	-	(11,070,782)	-	(11,070,782)
Caltrans/ other agency grants	-	7,876,473	11,378,429	19,254,902
Federal grants	9,895,908	-	-	9,895,908
Distribution to other agencies for their capital purposes	(25,687,604)	(101,687,453)	-	(127,375,057)
Distribution to Caltrans for their capital purpose	-	(48,358,237)	-	(48,358,237)
Return of contribution from BAHA	-	1,000,000	-	1,000,000
Other nonoperating revenues	1,959,706	12,934,564	16,119	14,910,389
TOTAL NONOPERATING REVENUES (EXPENSES)	(13,781,422)	(380,875,693)	11,400,255	(383,256,860)
INCOME (LOSS) BEFORE CONTRIBUTIONS, SPECIAL ITEMS AND TRANSFERS	(32,814,521)	332,677,925	1,108,372	300,971,776
CONTRIBUTIONS, SPECIAL ITEMS AND TRANSFERS				
Capital Grants	11,122,129	-	-	11,122,129
Transfers out	-	(30,600,345)	(557,421)	(31,157,766)
Transfers in	6,082,204	-	-	6,082,204
Transfer between programs	11,442,236	(11,442,236)	-	-
TOTAL CONTRIBUTIONS, SPECIAL ITEMS, AND TRANSFERS	28,646,569	(42,042,581)	(557,421)	(13,953,433)
CHANGE IN NET POSITION	(4,167,952)	290,635,344	550,951	287,018,343
Total net position - beginning	21,559,226	(7,313,660,902)	21,289,186	(7,270,812,490)
Total net position - ending	$ 17,391,274	$ (7,023,025,558)	$ 21,840,137	$ (6,983,794,147)

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2022

	Bay Area Toll Authority	Service Authority for Freeways and Expressways	BAIFA	Non-major Fund MTC-Clipper®	Total
Cash flows from operating activities					
Cash receipts from users / operations	$ 793,091,071	$ 6,525,212	$ 61,384,477	$ 11,390,642	$ 872,391,402
Cash payments to suppliers for goods and services	(158,094,318)	(18,326,420)	(33,403,333)	(27,937,940)	(237,762,011)
Cash payments for employee salaries and benefits	(15,349,574)	(989,638)	(2,615,878)	(3,279,340)	(22,234,430)
Cash receipts for interfund services	2,119,076	8,162	-	13,513,398	15,640,636
Cash payments for interfund services	(2,488,106)	(50,000)	-	-	(2,538,106)
Other cash receipts	5,145,561	-	-	6,737,039	11,882,600
Other cash payments	-	-	(44,376)	-	(44,376)
Net cash provided by/(used in) operating activities	624,423,710	(12,832,684)	25,320,890	423,799	637,335,715
Cash flows from non-capital financing activities					
Caltrans and other state and local agency grants	9,746,320	13,822,534	-	-	23,568,854
Proceeds from issuance of bonds	700,000,000	-	-	-	700,000,000
Build America Bonds interest subsidy	71,437,383	-	-	-	71,437,383
Interest paid on bonds	(411,454,789)	-	-	-	(411,454,789)
Financing fees	(16,186,983)	-	-	-	(16,186,983)
Federal grants	-	-	-	7,218,523	7,218,523
Transfers (to)/from other Funds	(24,694,426)	-	-	22,093,038	(2,601,388)
Due to/(from) other Funds	(15,000,000)	-	-	-	(15,000,000)
Bond principal payments	(76,705,000)	-	-	-	(76,705,000)
Proceeds for refunding bonds	13,779,797	-	-	-	13,779,797
Distributions to Caltrans	(81,414,524)	-	-	-	(81,414,524)
Distributions to other agencies	(66,514,504)	-	(23,300,978)	(3,085,683)	(92,901,165)
Return of contribution from BAHA	1,080,623	-	-	-	1,080,623
Contribution from BATA to BAIFA	(95,000,000)	-	95,000,000	-	-
Net cash provided by/(used in) non-capital financing activities	9,073,897	13,822,534	71,699,022	26,225,878	120,821,331
Cash flows from capital and related financing activities					
Capital grant	-	-	-	21,639,897	21,639,897
Acquisition of capital assets	(581,589)	-	(9,807,289)	(28,096,145)	(38,485,023)
Net cash provided by/(used in) capital and related financing activities	(581,589)	-	(9,807,289)	(6,456,248)	(16,845,126)
Cash flows from investing activities					
Proceeds from maturities of investments	2,828,887,849	-	74,671,630	-	2,903,559,479
Purchase of investments	(3,791,311,950)	-	(134,895,131)	-	(3,926,207,081)
Interest and dividends received	5,912,166	5,404	55,476	120,193	6,093,239
Net cash provided by/(used in) investing activities	(956,511,935)	5,404	(60,168,025)	120,193	(1,016,554,363)
Net increase/(decrease) in cash	(323,595,917)	995,254	27,044,598	20,313,622	(275,242,443)
Balances - beginning of year	716,947,433	14,638,273	48,954,860	13,075,129	793,615,695
Balances - end of year	$ 393,351,516	$ 15,633,527	$ 75,999,458	$ 33,388,751	$ 518,373,252

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Cash Flows - Proprietary Funds, *continued*
For the Year Ended June 30, 2022

	Bay Area Toll Authority	Service Authority for Freeways and Expressways	BAIFA	Non-major Fund MTC-Clipper®	Total
Reconciliation of operating income to net cash provided by/(used in) operating activities					
Operating income (loss)	$ 585,786,899	$ (13,585,752)	$ 28,894,324	$ (24,875,220)	$ 576,220,251
Adjustments to reconcile operating net cash provided by/(used in) operating activities:					
Depreciation and amortization	2,137,210	145,625	11,204,317	3,953,292	17,440,444
Other revenues	4,296,239	8,162	-	6,737,039	11,041,440
Other expenses	-	-	(44,376)	-	(44,376)
Capital, operating and maintenance expenses for other agencies	-	-	(17,082,240)	-	(17,082,240)
Net effect of changes in:					
Due (to)/from other Funds	2,118,779	19,648	(2,657,194)	13,513,398	12,994,631
Due from other governments	(2,348,222)	-	2,255,709	-	(92,513)
Accounts receivable	12,333,601	-	1,532,780	(440,748)	13,425,633
Prepaid expenses and other assets	132,482	73,562	(488)	-	205,556
Due from Caltrans	(666,279)	-	-	-	(666,279)
Accounts payable and accrued expenses	16,056,728	656,175	1,656,420	1,861,870	20,231,193
Unearned revenue	13,590,421	-	-	-	13,590,421
Patron deposits	(8,504,338)	-	-	-	(8,504,338)
State funding due	247,565	34,520	-	253,231	535,316
Deferred outflows from pension	692,591	69,258	190,489	167,232	1,119,570
Deferred outflows from OPEB	(660,248)	(40,952)	(96,282)	(147,121)	(944,603)
Net pension asset / liability	(6,211,191)	(569,153)	(1,426,853)	(1,783,175)	(9,990,372)
Net OPEB asset	694,443	57,081	146,855	167,749	1,066,128
Compensated absences liability	536,054	14,291	54,957	59,259	664,561
Deferred inflows from pension	4,285,138	296,033	723,580	982,934	6,287,685
Deferred inflows from OPEB	(94,162)	(11,182)	(31,108)	(25,941)	(162,393)
Net cash provided by/(used in) operating activities	$ 624,423,710	$ (12,832,684)	$ 25,320,890	$ 423,799	$ 637,335,715

Significant Noncash Investing, Capital, and Financing Activities

	Bay Area Toll Authority	Service Authority for Freeways and Expressways	BAIFA	Non-major Fund MTC-Clipper®	Total
Acquisition of capital assets under accounts payable/accrued liabilities	$ -	$ -	$ 3,132,704	$ 8,674,962	$ 11,807,666
Deferred amount on refunding	(10,185,112)	-	-	-	(10,185,112)
Amortization of Bond premium/discount	42,223,692	-	-	-	42,223,692
Amortization of deferred charge	(14,979,612)	-	-	-	(14,979,612)
Net increase in fair value of derivative instruments	263,116,667	-	-	-	263,116,667

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2021
(For comparative information purposes)

	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
Cash flows from operating activities				
Cash receipts from users / operations	$ 8,256,392	$ 680,944,767	$ 6,701,387	$ 695,902,546
Cash payments to suppliers for goods and services	(24,829,078)	(115,661,847)	(16,510,922)	(157,001,847)
Cash payments for employee salaries and benefits	(3,028,144)	(12,466,297)	(889,427)	(16,383,868)
Cash receipts for interfund services	-	2,176,066	-	2,176,066
Cash payments for interfund services	-	-	(1,100,001)	(1,100,001)
Other cash receipts	3,654	16,195,001	16,119	16,214,774
Net cash provided by/(used in) operating activities	(19,597,176)	571,187,690	(11,782,844)	539,807,670
Cash flows from non-capital financing activities				
Caltrans and other state and local agency grants	1,959,706	5,977,372	10,751,807	18,688,885
Build America Bonds interest subsidy	-	71,791,050	-	71,791,050
Interest paid on bonds	-	(416,095,341)	-	(416,095,341)
Financing fees	-	(11,281,752)	-	(11,281,752)
Federal grants	6,878,765	-	-	6,878,765
Transfers (to)/from MTC and SAFE	12,160,486	(24,793,441)	-	(12,632,955)
Bond principal payments	-	(79,040,000)	-	(79,040,000)
Distributions to Caltrans	-	(52,432,486)	-	(52,432,486)
Distributions to other agencies	(24,143,556)	(94,174,226)	-	(118,317,782)
Return of contribution from BAHA	-	1,000,000	-	1,000,000
Net cash provided by/(used in) non-capital financing activities	(3,144,599)	(599,048,824)	10,751,807	(591,441,616)
Cash flows from capital and related financing activities				
Capital grant	10,014,218	-	-	10,014,218
Acquisition of capital assets	-	(434,706)	(63,940)	(498,646)
Net cash provided by/(used in) capital and related financing activities	10,014,218	(434,706)	(63,940)	9,515,572
Cash flows from investing activities				
Proceeds from maturities of investments	-	3,985,294,691	-	3,985,294,691
Purchase of investments	-	(3,814,287,746)	-	(3,814,287,746)
Interest and dividends received	50,568	11,330,631	6,031	11,387,230
Net cash provided by/(used in) investing activities	50,568	182,337,576	6,031	182,394,175
Net increase/(decrease) in cash	(12,676,989)	154,041,736	(1,088,946)	140,275,801
Balances - beginning of year	25,752,118	562,905,697	15,727,219	604,385,034
Balances - end of year	$ 13,075,129	$ 716,947,433	$ 14,638,273	$ 744,660,835

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Cash Flows - Proprietary Funds, *continued*
For the Year Ended June 30, 2021
(For comparative information purposes)

	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
Reconciliation of operating income to net cash provided by/(used in) operating activities				
Operating income/(loss)	$ (19,033,099)	$ 713,553,618	$ (10,291,883)	$ 684,228,636
Adjustments to reconcile operating income to net cash provided by/(used in) operating activities:				
Depreciation and amortization	-	1,576,138	156,215	1,732,353
Other revenues	-	13,106,458	16,119	13,122,577
Other expenses	-	(639)	-	(639)
Net effect of changes in:				
Due (to)/from MTC	-	2,176,066	(1,006,889)	1,169,177
Due from other governments	-	2,235,551	-	2,235,551
Accounts receivable	833,031	(7,544,785)	-	(6,711,754)
Prepaid expenses and other assets	(875)	(157,472)	(42,423)	(200,770)
Due to Caltrans	-	955,589	-	955,589
Accounts payable and accrued expenses	(1,073,478)	17,891,238	(588,025)	16,229,735
Unearned revenue	-	7,587,354	-	7,587,354
Patron deposits	-	809,455	-	809,455
State funding due	(237,180)	849,036	3,793	615,649
Deferred outflows from pension	254,535	9,630,477	64,249	9,949,261
Deferred outflows from OPEB	200,751	809,690	59,011	1,069,452
Net pension asset / liability	(372,740)	(8,933,348)	(94,039)	(9,400,127)
Net OPEB asset	(159,827)	(690,502)	(54,032)	(904,361)
Compensated absences liability	109,053	510,868	26,536	646,457
Regional Measure 3 collection liability	-	(182,723,433)	-	(182,723,433)
Deferred inflows from pension	(150,184)	(605,852)	(44,164)	(800,200)
Deferred inflows from OPEB	32,837	152,183	12,688	197,708
Net cash provided by/(used in) operating activities	$ (19,597,176)	$ 571,187,690	$ (11,782,844)	$ 539,807,670

Significant Noncash Investing, Capital, and Financing Activities

	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
Refunding bond proceeds received in escrow/redemption fund	$ -	$ 721,561,904	$ -	$ 721,561,904
Debt refunded through escrow/redemption fund	-	(721,561,904)	-	(721,561,904)
Deferred amount on refunding	-	(4,733,235)	-	(4,733,235)
Amortization of Bond premium/discount	-	38,500,280	-	38,500,280
Amortization of deferred charge	-	(15,591,298)	-	(15,591,298)
Net increase in fair value of derivative instruments	-	119,999,432	-	119,999,432

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Fiduciary Net Position
June 30, 2022

	Clipper® Custodial Fund
ASSETS	
Cash	$ 165,395,256
Accounts receivable	4,536,774
Due from operators	718,329
Total assets	170,650,359
LIABILITIES	
Accounts payable	27,929,900
Due to operators	2,294,345
Due to other governments	688,334
Total liabilities	30,912,579
NET POSITION	$ 139,737,780

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2022

	Clipper® Custodial Fund
ADDITIONS	
Clipper card deposits	$ 84,779,862
Third party deposits	42,487,338
Others	2,588,757
Total additions	129,855,957
DEDUCTIONS	
Distribution to operators	97,165,361
Distribution to third party	9,743,831
Other deductions	3,690,983
Total deductions	110,600,175
Net change in fiduciary net position	19,255,782
Net position - beginning, as restated*	120,481,998
Net position - ending	$ 139,737,780

* See Note 1 AE for further information.

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Table of Contents
June 30, 2022

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Metropolitan Transportation Commission (MTC) was established under the laws of the State of California in Government Code Section 66500 et seq. in 1970 to provide comprehensive regional transportation planning for the nine counties that comprise the San Francisco Bay Area, which includes the City and County of San Francisco and the counties of Alameda, Contra Costa, Marin, Napa, San Mateo, Santa Clara, Solano and Sonoma.

MTC's principal sources of revenue to fund its governmental operations include state grants, a percentage of the sales tax revenues collected in the nine Bay Area counties under the State Transportation Development Act of 1971 (TDA) and grants from the U.S. Department of Transportation, Office of the Secretary of Transportation (U.S. DOT), including the Federal Highway Administration (FHWA), Federal Transit Administration (FTA) and other federal, state and local agencies. These are the principal sources of revenues susceptible to accrual under the modified accrual method described later within this note. Fees are the primary source of revenue for the proprietary funds described in this note.

The accompanying financial statements present MTC, its blended component units, and its discretely presented component unit. MTC is the primary government as defined in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 61. Its governing board is separately appointed and is fiscally independent of other governments. The blended component units discussed below are included as part of the reporting entity because their boards are substantially the same as the primary government's board, and the management of the primary government has the operational responsibility for the component units. The blended component units, although legally separate entities are, in substance, part of MTC's operations and financial data from these units are combined with financial data of MTC in preparing the government-wide financial statements. The MTC board also serves as the governing body for all its blended component units.

MTC has a discretely presented component unit – Bay Area Headquarters Authority (BAHA). BAHA financial statements are presented in a separate column on the face of the government-wide financial statements in the far-right column.

Blended component units

i.) Bay Area Toll Authority (BATA)

The Bay Area Toll Authority (BATA) is a public agency created by Senate Bill 226 effective January 1, 1998 with responsibilities for the disposition of toll revenues collected from the seven State owned toll bridges in the San Francisco Bay Area. The bridges are the Antioch Bridge, Benicia-Martinez Bridge, Carquinez Bridge, Dumbarton Bridge, Richmond-San Rafael Bridge, San Francisco-Oakland Bay Bridge and San Mateo-Hayward Bridge. BATA is a proprietary fund as it generates revenue from toll bridge receipts and its debt is pledged solely by toll revenues as more fully described in Note 5, Long-Term Debt.

Pursuant to Senate Bill 226, a five-year Cooperative Agreement was signed on March 2, 1998 defining the roles and responsibilities of BATA and Caltrans with respect to the collection and disposition of toll bridge revenues. The agreement has been extended through several amendments. The most current amendment extended the agreement through July 2025.

Under the terms of the Cooperative Agreement, BATA has responsibility for cash management and electronic toll collection while Caltrans' responsibilities include the ownership, operation and maintenance of the bridges. See Note 1V for information on Caltrans' operating expenses. BATA is presented as a major enterprise fund.

ii.) MTC Service Authority for Freeways and Expressways (MTC SAFE)

In June 1988, MTC SAFE was created to receive fees collected by the Department of Motor Vehicles pursuant to Streets and Highways Code Section 2555 et seq., which permits the collection of up to $1 per registered vehicle in participating counties. These fees represent charges for services rendered to external users. MTC SAFE is responsible for administering a freeway motorist aid system in the participating counties, referred to as the Call Box program. All 9 Bay Area counties are participants in the MTC SAFE: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma.

In 1993, MTC SAFE's responsibilities were expanded, pursuant to a jointly adopted Memorandum of Understanding between MTC SAFE, Caltrans, and the California Highway Patrol (CHP), to participate in the development and implementation of a Freeway Service Patrol (FSP) program in the San Francisco Bay Area. The three principal sources of funding for the FSP program are state grants, federal grants, and funding from federal traffic mitigation programs. MTC SAFE is presented as a major enterprise fund.

iii.) Bay Area Infrastructure Financing Authority (BAIFA)

BAIFA was established in August 2006 pursuant to the California Joint Exercise of Powers Act (Act) consisting of Sections 6500 through 6599.2 of the California Government Code. The Act provides for the joint exercise of powers common to MTC and BATA. BAIFA is authorized to undertake programs and projects, including the development, financing, and operation of high-occupancy toll lanes in MTC's jurisdiction. In April 2013, MTC delegated its express lanes authority to BAIFA through a cooperative agreement. In April 2022, the Joint Power Agreement between MTC and BATA was amended. Formally BAIFA's board consisted of MTC and BATA Oversight Committee chairs and four Commissioners. The amendment modified the composition of BAIFA's board to match the composition of MTC's board. As a result of the new board composition, BAIFA meets the blending criteria under paragraph 53 of GASB 14, *The Financial Reporting Entity*, as amended by GASB No. 61. In fiscal year 2022, BAIFA is presented as a blended component unit of MTC as a major enterprise fund.

Requests for separately issued financial statements for BAIFA should be addressed to the Treasurer, Bay Area Infrastructure Financing Authority, 375 Beale Street, Suite 800, San Francisco, CA 94105.

iv.) Bay Area Housing Finance Authority (BAHFA)

On October 8, 2019, the Bay Area Housing Finance Authority (BAHFA) was established pursuant to the California Government Code Section 64510 (a)(1) to provide a regional financing mechanism for affordable housing production, preservation, and tenant protection in the San Francisco Bay area, including charter cities. California Government Code Section 64510 (a)(2) states that BAHFA is a separate legal entity and is governed by the same board that governs the MTC, as such BAHFA meets the blending criteria under paragraph 53 of GASB No. 14, *The Financial Reporting Entity*, as amended by GASB No. 61. BAHFA is presented as a special revenue major governmental fund.

Requests for separately issued financial statements for BAHFA should be addressed to the Treasurer, Bay Area Housing Finance Authority, 375 Beale Street, Suite 800, San Francisco, CA 94105.

Discretely presented component unit

A component unit is a legally separate organization for which elected officials of the primary government are financially accountable. It can also be an organization whose relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. MTC has one discretely presented component unit, BAHA.

v.) Bay Area Headquarters Authority (BAHA)

BAHA was established in September 2011 pursuant to the California Joint Exercise of Powers Act, consisting of Sections 6500 through 6599.2 of the California Government Code, which authorizes BAHA to exercise powers common to MTC and BATA. There are six Commissioners on the governing board for BAHA. BAHA's board consists of four MTC Commissioners and two BATA Commissioners. BAHA is authorized to plan, acquire, and develop its office space and facilities directly or through contract. On October 14, 2011 BAHA acquired property located at 375 Beale Street, in San Francisco, California for the purpose of establishing a Bay Area Regional Headquarters for MTC, the Bay Area Air Quality Management District, and the Association of Bay Area Governments. The three agencies moved to the new building, Bay Area Metro Center (BAMC), in fiscal year 2016. BAHA is presented as a discretely presented component unit in the government-wide financial statements of MTC. Although BAHA meets the component unit criteria under paragraph 15 to 33 of the GASB Statement No. 14, *The Financial Reporting Entity* as amended by GASB No. 61, it doesn't meet the blending criteria under paragraph 53; therefore it is reported as a discretely presented component unit.

Requests for separately issued financial statements for BAHA should be addressed to the Treasurer, Bay Area Headquarters Authority, 375 Beale Street, Suite 800, San Francisco, CA 94105.

B. Government-Wide and Fund Financial Statements

Basis of presentation - government-wide statements

The government-wide financial statements (i.e. Statement of Net Position and Statement of Activities) report information on all non-fiduciary activities of MTC and its component units. The effect of interfund activity has been eliminated from the government-wide financial statements. However, interfund services provided and used are not eliminated in the process of consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-type activities* which rely to a significant extent on fees and charges for support.

Basis of presentation - fund financial statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. Individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following funds:

i.) MTC General Fund

MTC General Fund is used to account for financial resources not accounted for or reported in another fund.

ii.) MTC Special Revenue Funds

Special revenue funds are used to account for specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. MTC maintains various special revenue funds as follows:

Major Funds

AB 664 Net Toll Revenue Reserve Fund – Under Section 30884 (a) of the Streets and Highways Code, the AB 664 Net Toll Revenue Fund receives 16 percent of the base toll revenues collected on the three southern bridges, San Francisco-Oakland Bay Bridge, Dumbarton Bridge and San Mateo-Hayward Bridge. These funds are allocated by policy, 70 percent to East Bay and 30 percent to West Bay, to agency capital projects that further the development of public transit in the vicinity of the three southern bridges.

State Transit Assistance (STA) Fund – State Transit Assistance Funds are used for transit and paratransit operating assistance, transit capital projects, and regional transit coordination. The revenues are derived from the state sales tax on fuel and apportioned by state statute between population-based and revenue-based accounts. PUC Section 99313 defines the population-based and PUC Section 99314 defines the revenue-based accounts. The STA revenue received by MTC is based on the population of nine counties. On April 28, 2017, Senate Bill (SB) 1 was signed by the Governor to provide additional revenues to the STA Fund for transit infrastructure repair and service improvements. This investment in public transit is referred to as the State of Good Repair (SGR) program. The SGR program follows the same state-wide distribution policies as the regular STA fund, with revenue and population based accounts. However, unlike the regular STA program, recipients of the SGR program must have their projects pre-approved by Caltrans. MTC receives SGR revenue based on the population of nine counties.

Rail Reserves Fund – Under Section 30914 (a.4) of the Streets and Highways Code, the Rail Reserves Fund receives 21 percent of base toll revenues collected on the San Francisco-Oakland Bay Bridge. These funds are allocated exclusively for rail transit capital extension and improvement projects that are designed to reduce vehicular traffic congestion on the San Francisco-Oakland Bay Bridge. 70 percent of the Rail Reserves are allocated for East Bay rail improvements and the remaining 30 percent for West Bay rail improvements.

BART Car Exchange Fund – Funds deposited are restricted to the purpose of BART car replacement projects. MTC and BART established the funding exchange program whereby MTC will program Federal Funds for current BART projects with BART depositing an equal amount of local funds into an account set aside for the BART car fleet replacement. The project began in fiscal year 2013.

Non-Major Funds

Transit Reserve Fund – MTC maintains a Transit Reserve Fund pursuant to Regional Measure 1. The calculation of the transit reserves is set forth in Section 30913 (b) of the Streets and Highways Code as one third of two percent of base toll revenues collected on all seven Bay Area state-owned bridges.

Caltrans also has a Cooperative Agreement with BATA and MTC whereby Caltrans transfers state funding to MTC for ferry operations and other transit/bicycle projects.

Exchange Fund – Exchange Funds are used for MTC projects adopted as part of its Surface Transportation Program (STP) and Congestion Mitigation and Air Quality Improvement (CMAQ) program. The restriction is established by Commission resolution.

In fiscal year 2022, the following funds are considered non-major: Transit Reserve Fund, Exchange Fund.

The following funds are considered major governmental funds: MTC General Fund, STA Fund, Rail Reserves Fund, AB 664 Net Toll Revenue Reserve Fund, BART Car Exchange Fund and BAHFA. The balance sheet and statements of revenues, expenditures and changes in fund balances and budget to actual statements of revenues and change in fund balances are presented for these funds.

iii.) MTC Non-major Enterprise Fund - Clipper®

In July 2010, MTC assumed responsibility for operating Clipper®, the region's transit fare payment program, under the Memorandum of Understanding with seven Bay Area transit organizations. Clipper® transit fare payment program operating and capital costs are incurred by MTC's Clipper® fund. MTC Clipper® seeks payment from participating transit operators for service provided related to the operations of this program. MTC Clipper® Fund is presented as a non-major fund in the business type activities. The Clipper® card patron deposits are held as a custodial fund. See Note 1.B (iv) for information on the Clipper® program custodial fund.

iv.) MTC Fiduciary Fund

The MTC Fiduciary Fund is a Custodial Fund which is used to account for assets held by MTC in a trustee capacity for the benefit of the transit agencies that participate in the Clipper® Card Program.

Clipper® Card Program is an automated fare payment system for intra- and inter-operator transit trips in the San Francisco Bay Area.

C. Measurement Focus, Basis of Accounting and Financial Statements Presentation

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and *the accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting.* Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectable within the current period or soon enough afterwards to pay liabilities of the current period. MTC considers revenue to be available if they are collected within 270 days after year end. All revenue sources included in the governmental funds, namely federal, state and local grants as well as sales tax revenue, utilize this revenue recognition methodology. Expenditures generally are recorded when liabilities are incurred, under the modified accrual basis of accounting.

New Accounting Pronouncements

GASB Statement No. 87, *Leases*, has an objective to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. MTC adopted this standard for fiscal year ended June 30, 2022. The adoption of this standard changed the accounting and reporting of BAHA and BATA leases. BAHA is now reporting the present value of future lease receipts in the lease receivables and deferred inflows of resources on the statement of net position. BATA reports a right-to-use lease asset (lease asset) and lease liability in the government-wide and proprietary fund financial statements. See note 6 for further information on the impact of the adoption of GASB Statement 87.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. This statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. MTC adopted this standard for fiscal year ended June 30, 2022. The adoption of the standard has no impact on MTC's financial statements.

GASB Statement No. 91, *Conduit Debt Obligations,* provides a single method of reporting conduit debt obligations. 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. The requirements of this statement are effective for reporting periods beginning after December 15, 2021. Management is currently evaluating the effect of this statement on MTC's financial statements.

GASB Statement No. 92, *Omnibus 2020*, establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance related activities of public entity risk pools, fair value measurements, and derivative instruments. The initial requirements of this statement are effective as follows: (a) The requirements in paragraphs 4, 5, 11, and 13 were effective upon issuance. (b) The requirements in paragraphs 6 and 7 are effective for fiscal years beginning after June 15, 2021. (c) The requirements in paragraphs 8, 9, and 12 are effective for reporting periods beginning after June 15, 2021. (d) The requirements in paragraph 10 are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021. MTC adopted paragraphs 4, 5, 11 and 13 of this statement in fiscal year 2020. MTC adopted the remaining paragraphs of this standard for fiscal year ended June 30, 2022. The adoption of the standard has no impact on MTC's financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates (IBOR),* establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this statement, except for paragraphs 11b, 13, and 14 were effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter. The adoption of the remaining paragraphs 11b, 13, and 14 has no impact on MTC’s financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs),* establishes standards of accounting and financial reporting for PPPs and APAs for governments. The requirements of this statement are effective for fiscal years beginning after June 15, 2022. Management is currently evaluating the effect of this statement on MTC’s financial statements.

GASB Statement No. 96, S*ubscription-Based Information Technology Arrangements (SBITAs),* establishes standards of accounting and financial reporting for SBITAs by a government end user (a government). The requirements of this statement are effective for fiscal years beginning after June 15, 2022. Management is currently evaluating the effect of this statement on MTC’s financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,* (a) clarifies how the absence of a governing board should be considered in determining whether a primary government is financially accountable for purposes of evaluating potential component units and (b) modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans (for example, certain Section 457 plans). The requirements of this statement are effective as follows: (a) The requirement in (1) paragraph 4 of this statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this statement are effective immediately. (b) The requirements in paragraphs 6–9 of this statement are effective for fiscal years beginning after June 15, 2021. (c) All other requirements of this statement are effective for reporting periods beginning after June 15, 2021. MTC adopted paragraphs 4 and 5 of this statement in fiscal year 2020 and the remaining paragraphs of this statement in fiscal year 2022. The adoption of the standard has no impact on MTC's financial statements.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*, establishes the new term *annual comprehensive financial report* and its acronym *ACFR* and replaces instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. The requirements of this statement are effective for reporting periods ending after December 15, 2021. MTC adopted this standard for fiscal year ended June 30, 2022. The adoption of this standard changes the term of MTC's report to Annual Comprehensive Financial Report (ACFR).

GASB Statement No. 99, *Omnibus 2022,* enhances comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB statements and (2) accounting and financial reporting for financial guarantees. The requirements of this statement are effective as follows: (a) The requirements in paragraph 26-32 related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by the pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. (b) The requirements in paragraphs 11-25 related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. (c) The requirements in paragraphs 4-10 related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. MTC adopted paragraphs 26-32 in fiscal year 2022. The adoption of the above requirements has no impact on MTC's financial statements. Management is currently evaluating the effect of the remaining paragraphs of this statement on MTC’s financial statements.

GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62,* enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for accounting changes and errors corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Management is currently evaluating the effect of this statement on MTC’s financial statements.

GASB Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences and associated salary-related payments by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statements are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Management is currently evaluating the effect of this statement on MTC's financial statements.

D. <u>Budgetary Accounting</u>

Enabling legislation and adopted policies and procedures provide that MTC and its operating entities approve an annual budget by June 30 of each year. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental and proprietary funds. MTC also approves a life-to-date project budget whenever new projects are approved. MTC presents a preliminary budget in May and a final budget in June. MTC conducts hearings for discussion of the proposed annual budget and at the conclusion of the hearings, but not later than June 30, adopts the final budget for the following fiscal year. The appropriated budget is prepared by fund, project and expense type. The legal level of control is at the fund level and the governing body must approve additional appropriations. Budget amendments are recommended when needed. Operating appropriations lapse at fiscal year-end.

MTC employs the following practices and procedures in establishing budgetary data as reflected in the basic financial statements:

- Annual budgets are adopted on the modified accrual basis of accounting for governmental fund types. These include the general fund, plus major and non-major special revenue funds. Capital budgets are adopted on a project life-to-date basis.
- Annual budgets are adopted on the accrual basis for the proprietary fund types.

E. Encumbrances

Encumbrance accounting is employed in the general and special revenue funds. Under this method, purchase orders, contracts, memoranda of understanding and other commitments outstanding at year-end do not constitute expenditures or liabilities. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides additional guidance on the classification within the fund balances section of amounts that have been encumbered. Encumbrances of balances within the general fund are classified as committed and are included in the "transportation projects" category. For the fiscal year 2022, these encumbrances, along with encumbrances of balances in funds that are restricted, committed or assigned, are not separately classified in the financial statements, and are summarized as follows:

General Fund	$ 4,836,487
AB 664 Net Toll Revenue	64,315,128
State Transit Assistance Funds	40,414,455
Rail Reserves	2,186,606
Non-major Governmental Funds	22,699,747

F. Net Position

Net position, presented in the government-wide financial statements, represents the residual interest in assets plus deferred outflows of resources after liabilities and deferred inflows of resources are deducted. MTC's Net position consists of three sections: net investment in capital assets, as well as restricted and unrestricted. Net position is reported as restricted when constraints are imposed by creditors, grantors, contributors, laws or regulations or other governments or enabling legislation. Unrestricted net position is the net amount of the residual value that is not included in the restricted categories of net position. It is MTC's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

G. Fund Balances

Fund balances, presented in the governmental fund financial statements, represent the difference between assets, liabilities and deferred inflows and outflows of resources reported in a governmental fund. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. GASB Statement No. 54 requires that the fund balances be classified into categories based upon the type of restrictions imposed on the use of funds.

MTC evaluated each of its funds at June 30, 2022 and classified fund balances into the following five categories:

- Nonspendable – Items that cannot be spent because they are not in spendable form, such as prepaid items, are reported in the general fund.
- Restricted – Items that are restricted by external parties such as creditors or imposed by grants, law or legislation. MTC has legislative restrictions on amounts collected for various transportation and rail projects included in the AB 664 Toll Revenue, STA, BART Car Exchange, Transit Reserve, Rail Reserves, and BAHFA.
- Committed – Items that have been committed by formal action by the entity's highest level of decision-making authority, which MTC considers to be Commission resolutions. This level of approval has been reported in the General fund and the Exchange fund.
- Assigned – Items that have been allocated by committee action where the government's intent is to use the funds for a specific purpose. MTC considers this level of authority to be the Administration Committee. This restriction is currently not used on MTC's fund balances.
- Unassigned – This category is the residual classification for the general fund. This category represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The General fund is the only fund that reports a positive unassigned fund balance. In other governmental funds, if expenditures exceed amounts restricted or committed, it may be necessary to report a negative unassigned fund balance.

MTC reduces restricted amounts first when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. MTC reduces committed amounts first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

H. Cash and Investments

MTC invests its available cash under the prudent investor rule. The prudent investor rule states, in essence, that "in investing … property for the benefit of another, a trustee shall exercise the judgment and care, under the circumstance then prevailing, which people of prudence, discretion, and intelligence exercise in the management of their own affairs." This policy affords MTC a broad spectrum of investment opportunities as long as the investment is deemed prudent and is authorized under the California Government Code Sections 53600, et seq. Investments allowed under MTC's investment policy include the following:

- Securities of the U.S. Government or its agencies
- Securities of the State of California or its agencies
- Certificates of deposit issued by a nationally or state chartered bank

- Authorized pooled investment programs
- Commercial paper – Rated “A1” or “P1”
- Corporate notes – Rated “A” or better
- Municipal bonds
- Mutual funds – Rated “AAA”
- Other investment types authorized by state law and not prohibited in MTC's investment policy.

MTC applies the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, as amended (including by GASB Statement No. 72), which generally requires investments to be recorded at fair value with the difference between cost and fair value recorded as an unrealized gain or loss. MTC reports its money market securities and short-term investments at cost. This is permissible under this standard provided those investments have a remaining maturity at the time of purchase of one year or less and that the fair value of those investments is not significantly affected by the credit standing of the issuer or other factors. Net increases or decreases in the fair value of investments are shown in the Statements of Revenues, Expenditures and Changes in Fund Balance for all governmental fund types and in the Statements of Revenues, Expenses and Changes in Net Position for the proprietary funds. Accounting for derivative investments is described in Note 1.W Investments purchased, but not yet settled in cash, are included in security trade payables in the statement of net position.

Cash

MTC considers all balances in demand deposit accounts to be cash. Deposits in the cash management pool of the County of Alameda, Local Agency Investment Fund (LAIF), and California Asset Management Program (CAMP) are presented as cash as they are available for immediate withdrawal or deposit at any time without prior notice or penalty and there is minimal risk of loss of principal.

Restricted Cash

Certain cash is restricted as these assets are either for a specific purpose, escrow accounts with the balance being refunded upon project completion, prepaid customer deposits for the FasTrak® program or funds restricted for debt service, or other legal restrictions.

Restricted Investments

Certain investments are classified as restricted on the Statement of Net Position because they are either for a specific purpose, or their use is limited externally by applicable bond covenants, laws or regulations or there exists an imposed restriction through enabling legislation.

Non-Current Cash and Investments

Certain cash and investments are non-current as these funds are restricted as to withdrawal or use for other than current operations that are designated for disbursement in the acquisition or construction of non-current assets, or that are segregated for the liquidation of long-term debts.

I. Prepaid Items

Certain payments to vendors applicable to future accounting periods are recorded as prepaid items based on the consumption method.

J. Capital Assets

Capital assets, which include buildings and improvements, furniture and equipment, right-to-use leased assets, automobiles and call boxes and software, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital asset acquisitions are recorded at historical cost (except for intangible right-to-use lease building, the measurement of which is discussed in Note 1.S). MTC's intangible assets consist of purchased and licensed commercially available computer software and internally developed software. Depreciation and amortization expenses for the governmental activities are charged against general government function.

Capital assets are defined by MTC as assets with an initial, individual cost of more than $5,000 and an estimated useful life more than three years. However, capital assets that do not meet the threshold on an individual basis but are material collectively are capitalized. MTC follows the guidance in GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion & Analysis - for State and Local Governments* and GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* for recording capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset service lives are not capitalized.

Depreciation and amortization are computed using the straight-line method that is based upon the estimated useful lives of individual capital assets. The estimated useful lives of capital assets are as follows:

	Years
Buildings and improvements	7-45
Furniture and equipment	3-25
Intangible assets	5-10
Leased equipment	5
Automobiles	5
Call boxes	10
Right-to-use leased building	Lease term

When assets have been evaluated for impairment, in which the use of capital assets is discontinued or a decision has been made to sell assets and the assets are not continuing to be used, the depreciation and amortization ceases.

K. <u>Retirement Plans</u>

MTC provides a defined benefit pension plan, the Miscellaneous Plan of Metropolitan Transportation Commission (the "Plan"), which provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to Plan members and beneficiaries. The Plan is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS).

GASB Statement No. 68, *Accounting and Financial Reporting for Pension Plan*s, and amendment to GASB Statement No. 27, requires that reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2020
Measurement Date (MD)	June 30, 2021
Measurement Period (MP)	July 1, 2020 to June 30, 2021

GASB Statement No. 68 requires the actuarial valuations to be performed at least every two years. If a valuation is not performed as of the measurement date, the total pension liability is required to be based on update procedures to roll forward amounts from an earlier actuarial valuation performed within 30 months and 1 day prior to the employer's fiscal year end. Accordingly, for financial reporting purposes, MTC's total pension liability was determined by CalPERS using a valuation date of June 30, 2020. CalPERS then rolled forward the total pension liability to June 30, 2021, and this is the basis for reporting MTC's net pension liability at June 30, 2022.

For purposes of measuring the net pension liability/asset, deferred outflows and deferred inflows of resources related to pensions, pension expense, information about MTC's fiduciary net position of the Plan and additions to / deletions from the Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

MTC allocates the net pension liability/asset, deferred outflows and deferred inflows from pension, and pension expenses to its blended and discretely presented component units and funds based on their share of MTC's payroll cost of the measurement year.

For additional information on the Plan, refer to Note 8.

L. <u>Post Employment Healthcare Benefits</u>

MTC provides post employment medical coverage to all eligible retired employees and their eligible dependents. MTC post employment medical plan is the same medical plan as for its active employees. MTC established a Section 115 irrevocable benefit trust fund for its post employment benefit plan with the Public Agency Retirement Services (PARS). The benefit trust fund is not recorded in a fiduciary fund by MTC as the assets underlying these future benefits are not managed by MTC. The annual determined contribution to the trust fund is recorded in salaries and benefits expense.

For purposes of measuring the net OPEB liability / asset, deferred outflows and deferred inflows of resources related to OPEB, OPEB expense, information about fiduciary net position of MTC's OPEB Plan and additions to / deletions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 75 requires that reported results must pertain to liability and assets information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2021
Measurement Date (MD)	June 30, 2021
Measurement Period (MP)	July 1, 2020 to June 30, 2021

GASB Statement No. 75 requires the actuarial valuations to be performed at least every two years. If a valuation is not performed as of the measurement date, the total OPEB liability is required to be based on update procedures to roll forward amounts from an earlier actuarial valuation performed within 30 months and 1 day prior to the employer's fiscal year end. Accordingly, for financial reporting purposes, MTC's net OPEB liability / asset at June 30, 2022 was determined using the actuarial valuation and measurement date of June 30, 2021.

MTC allocates OPEB liability / asset, deferred outflows and deferred inflows from OPEB, and OPEB expenses to its blended and discretely presented component units and funds based on their share of MTC's payroll cost of the measurement year.

For additional information on the Plan, refer to Note 9.

M. Compensated Absences

MTC’s regular staff employees accumulate vacation pay and sick leave pay based on the agreement with the Committee for Staff Representation pursuant to the Meyers–Milias–Brown Act. A liability exists for accumulated vacation and sick leave. Unused accumulated sick and vacation leave is paid at the time of employment termination up to a maximum of 240 hours for sick leave as well as the total accumulated vacation leave of an employee. See Note 10 for additional information.

N. Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net change in fund balance – total governmental funds and changes in net position of governmental activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures.” However, in the Statement of Activities the cost of those assets is allocated over their estimated useful life and reported as depreciation expense.

The details of the fiscal year 2022 reconciling items are as follows:

Capital asset purchases	$	10,783
Depreciation expense		(124,140)
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at change in net position of governmental activities	$	(113,357)

O. Unearned Revenue

The unearned revenue in MTC consists of State and Local grants prior to meeting the revenue recognition criteria. When revenue recognition criteria are met, unearned revenue will be reclassified to revenue earned. The unearned revenue in BATA consists of the funds collected by the Regional Customer Service Center (RCSC). The funds collected by the RCSC are prepayments for tolls or represent a deposit from patrons. The patrons are issued transponders with the prepaid amounts for usage against tolls on the San Francisco Bay Area bridges and Bay Area Express Lanes.

P. Deferred inflows/outflows of resources - revenue and charges

Deferred revenue includes the unamortized portion of a lump sum payment from BATA to MTC. Details of the transaction are described below.

Streets and Highways codes sections 30890, 30911 and 30914 require BATA to transfer a specific percentage of the net base toll collection to MTC annually. The transfers are called AB 664 Net Toll Revenue Reserve, Transit Reserve and Rail Reserves transfers. In April 2010, MTC entered into a funding agreement with BATA, whereby BATA would make a lump sum payment of $506,986,537 equal to the present value of the next 50 years of these funds' transfers. The funds were transferred on September 30, 2010. MTC and BATA agreed that the payment would fulfill BATA's entire responsibility to make AB 664 Net Toll Reserve, Transit Reserve, and Rail Reserves fund transfers for the next 50 years. MTC is using the payment to fund the planned essential regional transportation projects.

GASB Statement No. 48, *Sales and Pledges of Receivables and Intra-Entity Transfers of Assets and Future Revenues*, as amended by GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes the criteria to account for the above transactions. The lump sum payment from BATA to MTC met the criteria of the intra-entity sale of future revenues for fiscal year June 30, 2011. GASB Statement No. 48 requires the intra-entity sale of future revenue to be accounted for as a deferred charge and deferred revenue and amortized over the life of the agreement. The balances in the deferred revenue and deferred charge are reported under Deferred Inflows and Outflows of Resources in accordance with GASB Statement No. 65. The amortization charge for the fiscal year was $14,979,612.

Q. Deferred Amount on Refunding

Deferred amount on refunding represents the unamortized amount of the different between the reacquisition price and the net carrying value of the old debt from the defeasance of the current and advance bond refundings.

R. Deferred Outflows/Inflows of resources on Pensions and Other Post-Employment Benefits (OPEB)

Deferred outflows and deferred inflows of resources are recognized for:

- Changes in the total pension and OPEB liability arising from differences between expected and actual experience with regard to economic or demographic factors.*
- The effects of changes of assumptions about future economic or demographic factors or of other inputs.*
- Difference between projected and actual investment earnings on defined benefit pension and OPEB plan investments.**

*The balances on these accounts are recognized in pension and OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of employees determined as of the beginning of the measurement period.

**The difference between projected and actual earnings amount is recognized in pension and OPEB expense using a systematic and rational method over a closed five-year period.

Deferred outflows of resources are also used to report MTC's contribution to CalPERS and PARS subsequent to the measurement date of the net pension and OPEB liability and before the end of the reporting period. See Notes 8 and 9 for additional information.

S. Leases

Lessor

BAHA, the discretely presented component unit of MTC, is a lessor that leases office spaces of Bay Area Metro Center (BAMC) at 375 Beale Street, San Francisco to both governmental and private sector tenants. BAHA recognizes a lease receivable and a deferred inflow of resources in the government-wide and its financial statements.

MTC adopted GASB Statement No. 87 *Leases* for the fiscal year ended June 30, 2022. On the implementation date July 1, 2021, BAHA recorded $35,706,435 lease receivable and deferred inflow of resources. BAHA measured the lease receivable at the present value of payments expected to be received during the lease terms. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. The deferred inflow of resources is recognized as revenue over the life of the lease term.

The key estimates and judgments used to determine the discount rate, lease term and lease receipts are as follows:

- BAHA uses the estimated incremental borrowing rate of its tenants as the discount rate or leases. For its governmental tenants, BAHA uses the tax-exempt Municipal Market Data (MMD) rate plus the relevant tax point as the discount rate. For its private sector tenants, BAHA uses the weighted average discount rate of similar borrowers.

- The lease term includes the noncancelable period of the lease.
- The lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessees.

BAHA monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Lessee

BATA is a lessee that leases office space in BAMC from BAHA. BATA recognizes a lease liability and a right-to-use lease asset (lease asset) in the government-wide and proprietary fund financial statements.

MTC adopted GASB Statement No. 87 *Leases* for the fiscal year ended June 30, 2022. On the implementation date July 1, 2021, BATA recorded $3,390,287 lease payable and right-of-use leased building. BATA measured the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is measured at the amount of the initial measurement of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the lease asset.

The key estimates and judgments used to determine the discount rate, lease term and lease receipts are as follows:

- BATA uses its estimated incremental borrowing rate as the discount rate for leases. The rate was based on the tax-exempt MMD rate plus the relevant tax point.
- The lease term includes the noncancelable period of the lease.
- The lease payments included in the measurement of the lease liability are composed of fixed payments to BAHA.

BATA monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

BATA's lease asset is reported with other capital assets and its lease liability is reported with long-term debt on the statement of net position.

T. <u>Toll Revenues Collected</u>

BATA accounts for the electronic tolls collected from the operation of the bridges as revenue. BAIFA accounts for the electronic tolls collected from the operation of the express lanes as revenue. BATA and BAIFA recognize electronic toll revenue as amounts are earned.

U. Other Operating Revenues

Violation fees and penalties collected and escheatment revenue are recognized as other operating revenues in the Statement of Revenues, Expenses and Changes in Net Position for BATA and BAIFA.

V. Operating Expenses Incurred by Caltrans

In accordance with the Cooperative Agreement between BATA and Caltrans, BATA reimburses Caltrans for certain costs incurred for bridge operating expenses. These expenses include maintenance, administration, operations and overhead costs.

W. Investment Income and Derivative Instruments

Investment income (loss) is comprised of interest income from investments and the changes in the fair value of investment derivative instruments. The investment derivative instrument component is in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, which requires the change in fair value of derivative instruments which are not an effective hedge, for accounting purposes, to be reported in investment income. The following table shows the breakdown of investment income and changes in fair values for the fiscal year ended June 30, 2022:

	Governmental Activities	Business-Type Activities	Total 2022
Investment loss	$ (1,316,225)	$ (39,676,199)	$ (40,992,424)
Investment derivatives	-	263,116,667	263,116,667
Total Fiscal Year 2022	$ (1,316,225)	$ 223,440,468	$ 222,124,243

X. Distributions to Caltrans for their Capital Purposes

In accordance with the Cooperative Agreement between BATA and Caltrans, BATA reimburses Caltrans for bridge capital expenses. Expenses are recorded or accrued related to the period to the extent the invoices are received by MTC through 60 days after the end of the fiscal year. See Note 2 for further details.

Y. Distributions to Others for their Capital Purposes / Allocation to Other Agencies

Expenses are recorded or accrued related to the period to the extent the invoices are received by MTC through 60 days after the end of the fiscal year.

Z. Capital, Operating, and Maintenance expenses for other agencies

Expenses incurred by BAIFA for other agencies' capital projects, operating and maintenance costs.

AA. Use of Estimates

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

AB. Build America Bonds (BABs) Interest Subsidy

The interest subsidy on the BABs was $71,326,571 for fiscal year 2022. Of this amount, $17,730,818 was not received as of June 30, 2022, and therefore was included as year-end accrual. The Federal government makes a semiannual payment to MTC on April 1 and October 1 of each year. The two interest subsidy payments in fiscal year 2022 were reduced due to the Federal budget and sequestration constraints. In fiscal year 2022, the payments were impacted by a reduction of 5.7% of the subsidy amount.

AC. Operating and Nonoperating Revenues and Expenses

Operating revenues are those necessary for principal operations of the entity. Operating expenses are those related to user service activities. Nonoperating revenues and expenses are all other revenues and expenses not related to user service activities.

AD. Violation Penalty Refund

At the October 2021 BATA Board meeting, BATA approved a reduction in violation penalty notices as a part of its Bay Area tolling equity action plan. The penalty for first violation notices dropped to $5 from the previous $25 and the penalty for second violation notices falls to $15 from the previous $70 and became effective on December 1, 2021. This reduction is retroactive to all violation notices effective January 1, 2021 for outstanding tolls at the San Francisco-Oakland Bay, Antioch, Benicia-Martinez, Carquinez, Dumbarton, Richmond-San Rafael, and San Mateo-Hayward bridges. Bridge patrons who were sent notices on and after January 1, 2021 and paid their toll violation penalties before December 1, 2021, will receive a refund for the difference between the amount paid and the revised amount due.

Under this policy, BATA will be refunding $26,741,329 of FY21 violation penalties which is reported as a special item in the financial statements. BATA will also refund $8,126,138 from FY 2022. The FY 2022 refunds are recorded against current year toll revenues.

AE. Prior Year Restatements

BAIFA Restatement

BAIFA was previously reported as a discretely presented component unit of MTC because its board was not substantively the same as MTC's board. However, in April 2022, BAIFA's board composition was modified to match the composition of MTC's board. Therefore, because the board is substantively the same as MTC's board, BAIFA meets the blending criteria of paragraph 53 of GASB Statement No. 14, *The Financial Reporting Entity* as amended by GASB Statement No. 61. In fiscal year 2022, BAIFA is presented as a blended component unit of MTC.

MTC Clipper® Enterprise Fund Restatement

During fiscal year 2022, management determined that the Clipper fare payment system software and related equipment purchased in the prior year had not been previously capitalized in the MTC Clipper® enterprise fund. Therefore, capital assets, net of depreciation is understated by $53,194,059 for the fiscal year ended June 30, 2021. The Clipper® enterprise fund net position and business-type activities at July 1, 2021 were restated to reflect the capitalization of the fare payment system software and related equipment. The effect of the restatement of MTC Clipper® enterprise fund on the change in net position of the immediately preceeding period was approximately $21,304,524.

The effect of the restatements of both BAIFA and MTC Clipper® enterprise fund on the net position are shown below:

	MTC Clipper® Proprietary Fund	Business-Type Activities
Net position at July 1, 2021	$ 17,391,274	$ (6,983,794,147)
Add: BAIFA Net Position at July 1, 2021	-	179,838,025
MTC Clipper error correction	53,194,059	53,194,059
Net position at July 1, 2021, as restated	$ 70,585,333	$ (6,750,762,063)

Clipper® Fiduciary Fund Restatement

During fiscal year 2022, management determined that the prepaid unused Clipper cards does not meet the definition of a liability described in GASB 87 *Fiduciary Activities* and it should be reflected in the net position of the fiduciary fund. Therefore, the Clipper® fiduciary fund net position at July 1, 2021 was restated to reflect this correction. The effect of the restatement of Clipper® fiduciary fund on the change in net position of the immediately preceding period was approximately $6,964,550.

The effect of the restatement of Clipper® fiduciary fund on the net position is shown below:

	Clipper® Fiduciary Fund
Net position at July 1, 2021	$ -
Clipper® Fiduciary Fund correction	120,481,998
Net position at July 1, 2021, as restated	$ 120,481,998

AF. Prior Year Comparative Information

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with MTC's prior year financial statements, from which this selected financial data was derived. The fiscal year 2021 financial statements are not restated to reflect the impact of the BAIFA and Clipper restatements discussed in Note 1 AE.

AG. Presentational Reclassifications of Prior Year Amounts

Certain prior year amounts have been reclassified to conform to the current year presentation. There is no effect on changes in fund balance or net position as a result of these reclassifications.

2. Net Position / Fund Balance Deficit

MTC's negative net position/fund balance arises from BATA enterprise fund and AB 664 and Rail Reserves governmental funds. BATA is responsible for providing Caltrans funding for bridge construction and repairs related to the seven state-owned bridges in the San Francisco Bay Area. Expenses related to these payments to Caltrans are treated as expenses since BATA does not own or maintain title to the bridges. BATA's negative net position will be reduced through operating income earned in the future as the toll revenue debt is retired and projects are completed. In FY 2011, AB 664 and Rail Reserves received a lump sum payments of $248,049,407 and $200,200,625 respectively. These represent the present value of the next 50 years of funding from BATA through an agreement signed in 2010. The advance payments were recorded as a deferred revenue and amortized yearly. The cash advance is to be used to fund the planned essential of AB 664 and Rail Reserves projects at any time. Over the years AB 664 and Rail Reserves allocated funds for transportation projects exceeding the revenue amortization creating a deficit in the funds. AB 664 and Rail Reserves' deficit will be reduced through the yearly amortization of the advance payment.

3. Cash and Investments

A. A summary of Cash and Investments as shown on the Statement of Net Position for all funds at June 30, 2022 is as follows:

Unrestricted cash	$ 585,988,071
Unrestricted investments	75,756,080
Total unrestricted cash and investments	661,744,151
Restricted cash	281,409,728
Restricted investments	2,699,580,813
Total restricted cash and investments	2,980,990,541
Total cash and investments	$ 3,642,734,692

The details of restricted cash and investments are as follows:

FasTrak® program	$ 143,372,789
Debt service reserve fund	904,720,166
Operations & maintenance reserve	174,000,000
Extraordinary loss reserve	50,000,000
Rehabilitation reserve	276,000,000
Projects / self-insurance reserves	280,000,000
Variable rate risk reserve	280,000,000
Capital projects	85,134,679
BART car exchange project	356,643,807
Regional Measure 3	431,119,100
Total restricted cash and investments	$2,980,990,541

Restricted cash on the FasTrak® program consists of customer prepaid tolls and deposits from patrons. The patrons are issued transponders with the prepaid amounts for usage against tolls on the San Francisco Bay Area bridges and Bay Area Express Lanes network. Tolls are deducted from customers' prepaid toll accounts as customers cross a bridge or use the express lane. The operations & maintenance reserve, Debt service reserve, Extraordinary loss reserve, Rehabilitation reserve, Projects/Self-insurance reserve as well as the Variable rate risk reserve are described in Note 5. The BART car exchange project is described in Note 1.B.ii. The Regional Measure 3 is described in Note 11.

B. The composition of cash and investments at June 30, 2022 is as follows:

Cash

Cash at banks	$ 332,679,289
Money market mutual funds	235,137,997
Government Pool Investments	193,799,337
County of Alameda	105,781,176
Total Cash	$ 867,397,799

MTC holds a position in the investment pool of County of Alameda for STA funds. Deposits with the County of Alameda are available for immediate withdrawal.

Fiduciary fund

Cash at bank - Clipper®	$ 165,395,256
Total cash - fiduciary fund	$ 165,395,256

The mutual fund investments in MTC's investment portfolio are expressed as a percentage of MTC's total cash and investments as follows:

Money Market Mutual Funds	
BlackRock Treasury Trust Fund	4%
Morgan Stanley Government Portfolio	2%
BlackRock T-Fund Institutional	1%

The government pool investments in MTC's investment portfolio are expressed as a percentage of MTC's total cash and investments as follows:

Government Pool Investments	
Local Agency Investment Fund	5%
California Asset Management Program	Less than 1%

Money Market Mutual Funds

The BlackRock Treasury Trust Fund is part of the overnight sweep fund utilized by Bank of New York trustee accounts, and by Bank of America checking accounts. The fund invests 100% of its total assets in cash, U.S. Treasury bills, notes and other obligations issued or guaranteed as to principal and interest by the U.S. Treasury. The fund is rated "AAA/Aaa" by Standard and Poor's and Moody's, respectively.

The Morgan Stanley Government Portfolio is part of the overnight sweep fund utilized by Union Bank and Bank of New York custodial accounts. The fund invests in obligations issued or guaranteed by the U.S. Government and its agencies and instrumentalities and in repurchase agreements collateralized by such securities. The fund is rated "AAA/Aaa" by Standard and Poor's and Moody's, respectively.

The BlackRock T-Fund Institutional fund is part of the overnight sweep fund utilized by Union Bank trustee accounts. The fund invests primarily in money market instruments including U.S. Treasury bills, notes, obligations guaranteed by the U.S. Treasury and repurchase agreements fully collateralized by such obligations. The fund is rated “AAA/Aaa” by Standard & Poor’s and Moody’s, respectively.

Government Pools

The California State Local Agency Investment Fund (LAIF) is a program created by state statute as an investment alternative for California's local governments and special districts. LAIF funds are available for immediate withdrawal. Therefore, the position in LAIF is classified as cash. LAIF is unrated.

The California Asset Management Program (CAMP) fund is a joint powers authority and common law trust. The Trust’s Cash Reserve Portfolio is a short-term money market portfolio, which seeks to preserve principal, provide daily liquidity and earn a high level of income consistent with its objectives of preserving principal. CAMP funds are available for immediate withdrawal. Therefore, the position in CAMP is classified as cash. CAMP’s money market portfolio is rated “AAA” by Standard & Poor’s.

State law and MTC policy limit mutual fund investments to 20 percent of the portfolio, with no more than 10 percent of the portfolio in any single fund except for mutual funds supporting bond proceeds. All the mutual fund holdings are highly rated by Standard & Poor’s and Moody’s. However, this limit does not apply to Joint Powers Authority Funds, county or state investment pools.

Investments

GASB Statement No. 72 sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1), and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are not active;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets measured at fair value at June 30, 2022:

Government-sponsored enterprises notes, US Treasuries and municipal bonds: These investments are valued on the basis of prices provided by ICE Data Pricing and Reference Data LLC. In determining the value of a particular investment at bid, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrices and market transactions in comparable investments and various relationships between investments.

The following tables set forth by level, within the fair value hierarchy, MTC's investments at fair value.

Investments by fair value level at June 30, 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
U.S. Treasury	$ -	$ 1,326,716,331	$ -	$ 1,326,716,331
Government-Sponsored Enterprises:				
Federal Home Loan Bank	-	1,146,238,465	-	1,146,238,465
Federal Home Loan Mortgage Corporation	-	250,114,207	-	250,114,207
Federal National Mortgage Association	-	34,567,890	-	34,567,890
Total	-	1,430,920,562	-	1,430,920,562
Municipal Bonds	-	17,700,000	-	17,700,000
Total Investments Measured at Fair Value	$ -	$ 2,775,336,893	$ -	$ 2,775,336,893

Refer to Note 5 for the investment derivative instruments valuations.

The U.S. Treasury and Government-Sponsored Enterprises (GSE) holdings carry “AA+/Aaa/AAA” ratings from Standard & Poor's, Moody's and Fitch, respectively. Neither state law nor MTC policy imposes a limit to the amount of U.S. Treasury and GSE debt securities that can be held in the portfolio.

Municipal Bonds include holdings in Bay Area Air Quality Management District (BAAQMD) Certificates of Participation (COP). The BAAQMD COP is a private placement security and is not rated.

C. Deposit and Investment Risk Factors

There are many factors that can affect the value of investments. MTC invests substantially in fixed-income securities, which are affected by credit risk, custodial credit risk, concentration of credit risk, and interest rate risk. The credit ratings of MTC’s income securities holdings are discussed in Note 1.H.

i.) Credit Risk

Fixed income securities are subject to credit risk, which is the possibility that the security issuer will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer’s ability to make these payments will cause security prices to decline.

A bond's credit quality is an assessment of the issuer's ability to pay principal and interest on the bond. Credit quality may be evaluated by a nationally recognized independent credit rating agency. The lower the rating is, the greater the chance (in the opinion of the rating agency) that the bond issuer will fail to meet its obligations or potentially default.

ii.) Custodial Credit Risk

Custodial credit risk is the risk that securities held by the custodian and in the custodian's name may be lost and not be recovered. All MTC securities are held in independent safekeeping accounts maintained with U.S. Bank or Bank of New York Mellon (BONY) and are held under MTC's name. As a result, custodial credit risk is remote.

iii.) Concentration of Credit Risk

Concentration of credit risk is the risk associated with lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory or credit developments. Investments in issuers that represent 5 percent or more of total investments at June 30, 2022 are as follows:

U.S. Treasury	48%
Federal Home Loan Bank (FHLB)	41%
Federal Home Loan Mortgage Corporation (FHLMC)	9%

iv.) Interest Rate Risk

Interest rate risk is the risk that the market value of fixed-income securities will decline because of rising interest rates. The prices of fixed-income securities with a longer time to maturity, measured by duration in years, tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter durations. Since MTC's policy is to buy and hold investments to maturity, marked-to-market will always equal par value when they mature.

MTC's investment portfolio includes an investment in the Bay Area Air Quality Management District (BAAQMD) Certificates of Participation (COP). The COP has a tender provision that allows the security to be tendered with seven days' notice and there is no significant risk of market value loss. The interest rate on the COP is reset weekly based on the SIFMA Municipal Swap Index plus a spread.

The weighted average maturities of MTC's U.S. Treasury and GSE securities (expressed in number of years) at June 30, 2022 are as follows:

U.S. Treasury	0.19
Government-sponsored enterprises	
Federal Home Loan Bank	2.12
Federal Home Loan Mortgage Corporation	3.07
Federal National Mortgage Association	3.25

4. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2022 is as follows:

Governmental activities	Beginning Balance July 1, 2021	Increases	Decreases	Ending Balance June 30, 2022
Capital assets, not being depreciated:				
Construction in progress	$ 255,909	$ 10,783	$ (266,692)	$ -
Total capital assets, not being depreciated	255,909	10,783	(266,692)	-
Capital assets, being depreciated:				
Furniture and equipment	1,504,590	10,783	-	1,515,373
Intangible assets	206,964	255,909	-	462,873
Leased Equipment	362,667	-	(362,667)	-
Automobiles	31,393	-	-	31,393
Total capital assets being depreciated	2,105,614	266,692	(362,667)	2,009,639
Less accumulated depreciation for:				
Furniture and equipment	1,430,080	49,916	-	1,479,996
Intangible assets	121,486	74,224	-	195,710
Leased Equipment	362,667	-	(362,667)	-
Automobiles	31,393	-	-	31,393
Total accumulated depreciation	1,945,626	124,140	(362,667)	1,707,099
Total capital assets, being depreciated, net	159,988	142,552	-	302,540
Governmental activities capital assets, net	$ 415,897	$ 153,335	$ (266,692)	$ 302,540

Business-type activities	Balance July 1, 2021	Adjustments*	Balance July 1, 2021 as restated	Increases	Decreases	Ending Balance June 30, 2022
Capital assets, not being depreciated:						
Construction in progress	$ 225,000	$ 55,192,241	$ 55,417,241	$ 32,434,050	$ (19,241,015)	$ 68,610,276
Total capital assets, not being depreciated	225,000	55,192,241	55,417,241	32,434,050	(19,241,015)	68,610,276
Capital assets, being depreciated:						
Furniture and equipment	15,137,568	117,100,128	132,237,696	20,354,921	-	152,592,617
Building/Tenant improvements	5,163,153	-	5,163,153	-	-	5,163,153
Automobiles	80,259	-	80,259	-	-	80,259
Intangible assets	23,728,900	41,157,422	64,886,322	7,693,825	-	72,580,147
Call boxes	1,816,452	-	1,816,452	-	-	1,816,452
Right-to-use leased building*	-	3,390,287	3,390,287	-	-	3,390,287
Total capital assets being depreciated	45,926,332	161,647,837	207,574,169	28,048,746	-	235,622,915
Less accumulated depreciation for:						
Furniture and equipment	14,577,615	15,366,531	29,944,146	10,157,237	-	40,101,383
Building/Tenant improvements	4,786,017	-	4,786,017	60,342	-	4,846,359
Automobiles	29,012	-	29,012	11,389	-	40,401
Intangible assets	23,175,886	12,649,082	35,824,968	5,741,720	-	41,566,688
Call boxes	1,611,746	-	1,611,746	66,881	-	1,678,627
Right-to-use leased building*	-	-	-	1,402,877	-	1,402,877
Total accumulated depreciation	44,180,276	28,015,613	72,195,889	17,440,446	-	89,636,335
Total capital assets, being depreciated, net	1,746,056	133,632,224	135,378,280	10,608,300	-	145,986,580
Business-type activities capital assets, net	$ 1,971,056	$ 188,824,465	$ 190,795,521	$ 43,042,350	$ (19,241,015)	$ 214,596,856

* The Adjustments include the following items:

- In fiscal year 2022, right-to-use leased building beginning balance of Business-type activities was adjusted by $3,390,287 for the impact of the adoption of GASB Statement No. 87. See note 6 for further information.
- BAIFA, a previous discretely presented component unit, is presented as a blended component unit of MTC as a major enterprise fund in fiscal year 2022. The beginning balance of Business-type activities was adjusted for BAIFA's capital assets that consist of $19,698,357 capital assets not being depreciated and $112,541,761 net capital assets being depreciated. See note 1AE for further information.
- In fiscal year 2022, the beginning balance of Business-type activities was also adjusted to include MTC Clipper®'s capital assets. The MTC Clipper®'s adjustments consist of $35,493,884 capital assets not being depreciated and $17,700,175 capital assets net of accumulated depreciation. See note 1AE for further information.

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 124,140
Total depreciation expense - governmental activities	$ 124,140
Business-type activities:	
Toll bridge activities	$ 2,137,211
Congestion relief	145,626
Express lane activities	11,204,317
MTC Clipper smart card®	3,953,292
Total depreciation expense - business-type activities	$ 17,440,446

5. Long-Term Debt

In December 2021, BATA issued its Senior Index Rate Toll Revenue Bonds, 2021 Series D and E of $276,715,000 and its Fixed Rate Toll Revenue Bonds, 2021 Series F-2 and 2021 Series F-3 of $700,000,000. BATA will use the proceeds from the issuance of the 2021 Series Senior Bonds to (i) finance or refinance toll bridge capital improvements, (ii) defease or refund bonds, (iii) make a cash deposit to the Reserve Fund, and (iv) pay costs incurred with the issuance of the bonds.

In December 2021, BATA also issued its Subordinate Fixed Rate Toll Revenue Bonds, 2021 Series S-10 of $274,240,000. BATA will use the proceeds from the issuance of the 2021 Series Subordinate Bonds to (i) defease or refund bonds (ii) make a cash deposit to the Reserve Fund, and (iii) pay costs incurred with the issuance of the bonds.

BATA issued its Senior Toll Revenue Bonds, 2021 Series D and E to defease all of the Authority's outstanding Toll Revenue Bonds, 2017 Series C and 2018 Series B. The 2021 Series D and 2021 Series E have an Index Rate Period ending April 2027 and April 2028, respectively and bear interest based on the SIFMA Swap Index Rate, plus a spread. At the end of each respective initial Index Rate Period, BATA can change the Interest Rate Mode associated with the bonds. Depending on the interest rate environment when the bonds are remarketed, the interest rate on the bonds may be higher than the initial Index Rate.

The majority of the proceeds of the 2021 Series D and E, along with a cash contribution from BATA were deposited into a Redemption Fund held by the Senior Trustee. BATA also made a cash contribution to pay for costs of issuance.

The 2021 Series D and E refunding transaction was recorded as a current refunding in accordance with GASB Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt* and GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities.*

BATA issued its Senior Toll Revenue Bonds 2021 Series F-2 and F-3, together with a cash contribution from BATA to fund capital improvements and senior debt service reserves, and pay costs of issuance. The 2021 Series F-2 bonds have a final maturity date of April 2056 and bear interest at the stated fixed rate of 2.600 percent. The 2021 Series F-3 bonds have a final maturity date of April 2055 and bear interest at the stated fixed rate of 3.126 percent. The 2021 Series F-3 is a federally taxable bond.

BATA issued its Subordinate Toll Revenue Bonds, 2021 Series S-10 to defease all of the Authority's outstanding Toll Revenue Bonds, 2019 Series S-H and a portion of the Authority's outstanding Toll Revenue Bonds, 2019 Series S-8. The 2021 Series S-10 bonds have a final maturity date of April 2050 and bear interest at the stated fixed rate between 2.513 percent and 3.276 percent. The 2021 Series S-10 is a federally taxable bond.

The majority of the proceeds of the 2021 Series S-10 were deposited into an Escrow Fund held by the Subordinate Trustee and the subordinate debt service reserve. The funds on deposit were used to purchase certain non-callable senior Government Obligations to be used to pay the interest and redemption of the refunded bonds on or prior to the redemption date.

The 2021 Series S-10 refunding transaction was recorded as an advance refunding in accordance with GASB Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt* and GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities.*

The difference between the cash flows required to service the old debt and the cash flows required to service the new debt is $45,424,845. The transactions provided a present value economic gain of $13,175,342.

In June 2022, BATA made a prepayment to fund certain principal and related interest becoming due and payable in fiscal year 2023. This affected Subordinate Toll Revenue Bonds, 2010 Series S-1 and 2019 Series S-9.

BATA irrevocably placed cash with a subordinate bonds escrow agent to be used solely for satisfying scheduled payments of both principal and interest becoming due and payable in fiscal year 2023 for the related bonds.

This transaction was recorded as an in-substance defeasance in accordance with GASB Statement No. 86, *Certain Debt Extinguishment Issues.*

There is no outstanding debt that was defeased in-substance from prior periods as of June 30, 2022.

Term / Index Rate Bonds:

BATA has a principal balance of $2,017,510,000 in term/index rate bonds. The term/index rate bond series are detailed as follows:

Series	Par	Term/ Index Rate	Effective Date	End of Term/Index Rate Period
2008 Series B1	$110,000,000	SIFMA Swap Index plus 1.10%	12/20/2012	4/1/2024
2008 Series G1	$50,000,000	SIFMA Swap Index plus 1.10%	12/20/2012	4/1/2024
2001 Series A	$150,000,000	SIFMA Swap Index plus 1.25%	1/10/2013	4/1/2027
2006 Series C1	$125,000,000	SIFMA Swap Index plus 0.90%	5/1/2013	5/1/2023
2008 Series A1	$110,000,000	SIFMA Swap Index plus 0.90%	5/1/2013	5/1/2023
2007 Series C1	$50,000,000	SIFMA Swap Index plus 0.90%	6/3/2013	5/1/2023
2017 Series A	$123,325,000	2.950%	2/23/2017	4/1/2026
2017 Series B	$123,325,000	2.850%	2/23/2017	4/1/2025
2017 Series G	$153,975,000	2.000%	8/23/2017	4/1/2024
2017 Series H	$188,750,000	2.125%	8/23/2017	4/1/2025
2018 Series A	$194,735,000	2.625%	12/20/2018	4/1/2026
2021 Series A	$204,835,000	2.000%	3/17/2021	4/1/2028
2021 Series B	$56,850,000	SIFMA Swap Index plus 0.28%	3/17/2021	4/1/2024
2021 Series C	$100,000,000	SIFMA Swap Index plus 0.45%	3/17/2021	4/1/2026
2021 Series D	$150,000,000	SIFMA Swap Index plus 0.30%	12/21/2021	4/1/2027
2021 Series E	$126,715,000	SIFMA Swap Index plus 0.41%	12/21/2021	4/1/2028

Variable Rate Demand Bonds:

BATA has a principal balance of $691,730,000 in Variable Rate Demand Bonds. The Variable Rate Demand Bonds are backed by various Letter of Credit providers and are reset at a Weekly Rate by various remarketing agents. The Variable Rate Demand Bonds series are detailed as follows:

Series	Par Amount	Letter of Credit Providers	Short Term Rating (S&P/Moody's /Fitch)	Letter of Credit Expiration Date	Remarketing Agents
2007 Series A2	$75,000,000	MUFG Bank, Ltd.	A1/P1/F1	10/20/2026	JP Morgan Securities, LLC
2007 Series B2	$75,000,000	Sumitomo Mitsui Banking Corporation	A1/P1/F1	10/20/2026	Citigroup Global Markets Inc.
2007 Series C2	$25,000,000	MUFG Bank, Ltd.	A1/P1/F1	10/20/2026	Goldman Sachs & Co
2007 Series D2	$100,000,000	Bank of America, N.A.	A1/P1/F1+	10/20/2026	BofA Securities, Inc.
2007 Series G1	$50,000,000	Bank of America, N.A.	A1/P1/F1+	10/20/2026	Barclays Capital Inc.
2008 Series C1	$25,000,000	Sumitomo Mitsui Banking Corporation	A1/P1/F1	10/20/2026	Citigroup Global Markets Inc
2008 Series E1	$50,000,000	MUFG Bank, Ltd.	A1/P1/F1	10/20/2026	Morgan Stanley & Co. LLC.
2019 Series A	$100,000,000	Bank of America, N.A.	A1/P1/F1+	8/1/2024	BofA Securities, Inc.
2019 Series B	$57,160,000	Sumitomo Mitsui Banking Corporation	A1/P1/F1	8/1/2024	JP Morgan Securities, LLC
2019 Series C	$52,200,000	Bank of America, N.A.	A1/P1/F1+	8/1/2024	Goldman Sachs & Co
2019 Series D	$82,370,000	Sumitomo Mitsui Banking Corporation	A1/P1/F1	8/1/2024	JP Morgan Securities, LLC

As of June 30, 2022, there were no outstanding draws. Commitment fees are paid quarterly to the Letter of Credit Providers. In the event the bonds covered under the Reimbursement Agreement become bank bonds, the maximum interest rate on the bonds would be 15%.

A summary of changes in long-term debt for the year ended June 30, 2022 is as follows:

Business-type activities	Issue Date	Interest Rate	Calendar Year Maturity	Original Amount	Beginning Balance July 1, 2021	Additions	Reductions	Ending Balance June 30, 2022	Due Within One Year(10)
2001 Revenue Bond Series A	5/24/2001	3.69% (2)	2036	$ 150,000,000	$ 150,000,000	$ -	$ -	$ 150,000,000	$ -
2006 Revenue Bond Series C	2/8/2006	3.60% (2)	2045	275,000,000	125,000,000	-	-	125,000,000	-
2007 Revenue Bond Series C1	5/15/2007	3.60% (2)	2047	50,000,000	50,000,000	-	-	50,000,000	-
2007 Revenue Bond Series G1	5/15/2007	3.60% (2)	2047	50,000,000	50,000,000	-	-	50,000,000	-
2007 Revenue Bond Series (A2,B2,C2,D2)	10/25/2007	3.60% (2)	2047	275,000,000	275,000,000	-	-	275,000,000	-
2008 Revenue Bond Series (A1,B1,C1,E1,G1)	6/5/2008	3.60% (2)	2045	345,000,000	345,000,000	-	-	345,000,000	-
2009 Revenue Bond Series F2 (BABs)	11/5/2009	4.07% (1,3)	2049	1,300,000,000	1,300,000,000	-	-	1,300,000,000	-
2010 Revenue Bond Series S1 (BABs)	7/1/2010	4.54% (1,3)	2050	1,500,000,000	1,443,165,000	-	(20,650,000) (5)	1,422,515,000	-
2010 Revenue Bond Series S3 (BABs)	11/4/2010	4.49% (1,3)	2050	475,000,000	475,000,000	-	-	475,000,000	-
2012 Revenue Bond Series F1	10/23/2012	5.00% (1)	2031	907,525,000	36,105,000	-	(36,105,000) (10)	-	-
2017 Revenue Bond Series (A,B,C)	2/23/2017	2.90% (1)	2047	402,165,000	402,165,000	-	(155,515,000) (6)(10)	246,650,000	5,360,000
2017 Revenue Bond Series F1	2/23/2017	4.00% (1)	2056	300,000,000	75,000,000	-	-	75,000,000	-
2017 Revenue Bond Series (G,H)	8/23/2017	2.07% (1)	2053	342,725,000	342,725,000	-	-	342,725,000	-
2017 Revenue Bond Series S7	8/23/2017	4.05% (1)	2049	1,402,175,000	1,353,890,000	-	-	1,353,890,000	15,860,000
2018 Revenue Bond Series (A,B)	12/20/2018	2.63% (1)	2045	319,735,000	319,735,000	-	(125,000,000) (7)	194,735,000	-
2019 Revenue Bond Series SH	2/26/2019	5.00% (1)	2049	126,240,000	126,240,000	-	(126,240,000) (8)	-	-
2019 Revenue Bond Series S8	8/1/2019	3.00% (1)	2056	203,270,000	203,270,000	-	(81,650,000) (8)	121,620,000	-
2019 Revenue Bond Series (A,B,C,D)	8/1/2019	3.60% (2)	2053	291,730,000	291,730,000	-	-	291,730,000	-
2019 Revenue Bond Series F1	9/26/2019	2.76% (1)	2054	869,195,000	869,195,000	-	-	869,195,000	64,935,000
2019 Revenue Bond Series S9	9/26/2019	2.23% (1)	2023	103,535,000	16,150,000	-	(16,150,000) (5)	-	-
2021 Revenue Bond Series A	3/17/2021	2.00% (1)	2056	204,835,000	204,835,000	-	-	204,835,000	-
2021 Revenue Bond Series (B,C)	3/17/2021	3.60% (2)	2056	156,850,000	156,850,000	-	-	156,850,000	-
2021 Revenue Bond Series F1	3/17/2021	2.04% (1)	2040	349,205,000	349,205,000	-	-	349,205,000	-
2021 Revenue Bond Series (D,E)	12/21/2021	1.26% (4)	2056	276,715,000	-	276,715,000 (6)(7)	-	276,715,000	-
2021 Revenue Bond Series F2	12/21/2021	2.60% (1)	2056	338,500,000	-	338,500,000 (9)	-	338,500,000	-
2021 Revenue Bond Series F3	12/21/2021	3.13% (1)	2055	361,500,000	-	361,500,000 (9)	-	361,500,000	-
2021 Revenue Bond Series S10	12/21/2021	3.18% (1)	2050	274,240,000	-	274,240,000 (8)	-	274,240,000	-
				$ 11,650,140,000	8,960,260,000	1,250,955,000	(561,310,000)	9,649,905,000	$ 86,155,000
Net unamortized bond premium / (discount)					119,115,391	-	(42,223,692)	76,891,699	
Net long-term debt as of June 30, 2022					$ 9,079,375,391	$ 1,250,955,000	$ (603,533,692)	$ 9,726,796,699	

(1) Interest rates on fixed rate bonds/term rate bonds are calculated on weighted outstanding coupon rates.
(2) Weighted swap rate is presented for variable rate bonds that are hedged with a swap. Variable rate bonds are presented as long term debt in accordance with GASB Interpretation No. 1 because MTC has liquidity commitments.
(3) Federal Taxable Build America Bonds.
(4) The interest rate presented is the 6/30/2022 SIFMA Swap Index rate plus the spread related to the respective bond.
(5) In-substance defeasance of FY22/23 scheduled principal payments on 6/8/2022.
(6)The 2021 Series D bonds were issued as senior index rate bonds on 12/21/2021 to fully refund $151,715,000 of the 2017 Series C bonds.
(7) The 2021 Series E bonds were issued as senior index rate bonds on 12/21/2021 to fully refund $125,000,000 of the 2018 Series B bonds.
(8) The 2021 Series S10 bonds were issued on 12/21/2021 as subordinate fixed rate bonds to fully refund 2019 Series SH bond and $81,650,000 of the 2019 Series S8 bond. The 2021 Series S10 bonds are federally taxable.
(9) The 2021 Series F2 and 2021 Series F3 bonds were issued as senior fixed rate bonds on 12/21/2021. The 2021 Series F3 bonds are federally taxable.
(10) Scheduled payments.

Annual funding requirements

The annual funding requirements for the debt and swap outstanding of the business-type activities at June 30, 2022 are as follows:

Business-type activities

Fiscal Year Ending	Principal Payments	Interest Payments	Total Payments
2023	$ 86,155,000	$ 365,503,775	$ 451,658,775
2024	116,730,000	361,861,546	478,591,546
2025	133,525,000	356,364,394	489,889,394
2026	136,165,000	349,218,716	485,383,716
2027	176,780,000	341,030,608	517,810,608
2028-2032	1,037,205,000	1,598,239,856	2,635,444,856
2033-2037	1,240,700,000	1,377,963,039	2,618,663,039
2038-2042	1,513,470,000	1,122,031,166	2,635,501,166
2043-2047	1,845,430,000	806,405,448	2,651,835,448
2048-2052	2,065,760,000	371,128,447	2,436,888,447
2053-2056	1,297,985,000	77,619,340	1,375,604,340
	$ 9,649,905,000	$ 7,127,366,335	$ 16,777,271,335

Bond Covenants – BATA

The Bay Area Toll Authority Senior Toll Bridge Revenue Bonds are payable solely from pledged "Revenue" and all amounts held by the trustee in each fund and account (with exclusions) established under the Master Indenture dated as of May 1, 2001 (the 2001 "Master Indenture"). Pledged "Revenue" and exclusions to the trustee funds and accounts are defined within the Master Indenture. BATA established a Reserve fund under the 2001 Master Indenture.

BATA covenanted in the Master Indenture that no additional bonds shall be issued, unless Net Revenue is greater than 1.5 times of the combined Maximum Annual Debt Service of all outstanding parity bonds. Parity bonds have the same priority of claim or lien against pledged Revenue.

In the fifth supplemental indenture dated February 2006, BATA covenanted to maintain toll revenue at levels that result in Net Revenue greater than 1.2 times Annual Debt Service costs as defined in the Master Indenture. In addition, BATA agreed to maintain tolls at a level where Net Revenue plus the balance in the Operations and Maintenance Fund is at least 1.25 times total “Fixed Costs”. BATA also has the legal requirement of maintaining tolls at a level exceeding 1.0 times all fixed costs. See Schedule 9.

The senior lien bonds issued by BATA are secured by a first lien on all toll revenue.

The Bay Area Toll Authority's Subordinate Toll Bridge Revenue Bonds are payable solely from pledged "Revenue" and all amounts held by the trustee in each fund and account (with exclusions) established under the Subordinate Indenture dated June 1, 2010 (the "2010 Subordinate Indenture"). "Pledged Revenue" and exclusions to the trustee funds and accounts are defined within the 2010 Subordinate Indenture. BATA has established a Reserve fund account under the 2010 Subordinate Indenture.

BATA covenanted in the 2010 Subordinate Indenture that no additional bonds shall be issued unless the Available Revenue equates to greater than 1.2 times of the combined Maximum Annual Debt Service costs of all outstanding parity bonds.

In the first supplemental indenture dated June 2010, BATA covenanted to maintain toll revenue at levels that result in Available Revenue greater than 1.2 times Annual Debt Service costs.

BATA is required to compute Coverage Ratios described in the Indentures based on the BATA adopted budget within ten business days after the start of the fiscal year and to file a Certificate of the Authority with the Senior and Subordinate Trustees.

As of June 30, 2022, the current Reserve Requirement and the fair value of the cash and investment securities in the Debt Service reserves are as follows:

	Reserve Requirement[1]	Fair Value of Cash & Securities
Senior Debt	$369,000,000	$373,140,388
Subordinate Debt	$156,937,472	$166,355,071

[1]The debt service reserve requirements are recalculated on an annual basis on April 1.

BATA maintains certain designated reserves:

Designation	Requirement	Required Amount	June 30, 2022
External Designation:			
O & M	2x Caltrans budgeted O&M costs	$14 million	$174 million
Extraordinary loss	BATA/Caltrans Coop Agreement	$50 million	$50 million
BATA designation:			
Rehab reserve	2x Rehab budget ($137.8m/yr)	$276 million	$276 million
Variable rate risk reserve	BATA designation	$280 million	$280 million
Project/ Self Insurance Reserves	BATA designation	$280 million	$280 million

Derivative Instruments

Investment derivatives instruments fair value in a payable to the counterparty position was $261,589,656 at June 30, 2022, and recorded in the Statement of Net Position as a liability. The changes in the fair value of investment derivatives instruments were recorded to investment income. See Note 1.W for further details.

Voluntary cancellation of any or all of the swap transactions is subject to a valuation calculation at the time of termination. The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2022 classified by type, and the changes in fair value of such derivative instruments during FY 2022 as reported in the financial statements are as follows:

	Change in Fair Value during FY 2022		Fair Value at June 30, 2022		
Business-type Activities	Classification	Amount	Classification	Amount	Notional
Pay-fixed interest rate swap	Investment Income	$ 263,116,667	Noncurrent Liabilities	$ (261,589,656)	$ 1,440,000,000

Objective and Terms of Hedging Derivative Instruments

BATA entered into interest rate swaps to manage exposure to fluctuations in interest rates and interest expenses. Management is aware that swap transactions contain certain associated risks not traditionally associated with fixed-rate issues, particularly the risk of counterparty default. However, management has structured the transactions with reasonable safeguards, including downgrade and collateral provisions required of all counterparties, as well as management's unilateral ability to cancel any transaction with 15 days' notice.

The following tables display the credit ratings of the associated counterparties, terms, and fair value of the derivative instruments outstanding as of June 30, 2022.

	Standard & Poor's	Moody's
Bank of America, N.A.	A+	Aa2
The Bank of New York Mellon	AA-	Aa2
Citibank, N.A., New York	A+	Aa3
Wells Fargo Bank, N.A.	A+	Aa2
Goldman Sachs Mitsui Marine Derivative Products LP	AA-	Aa2
JP Morgan Chase Bank, N.A.	A+	Aa2
Morgan Stanley Capital Services LLC	A-	A1

Investment Derivative Instruments at June 30, 2022:

Amortized Notional Value	Counterparty	Fixed Payer Rate[A]	Fair Value due from / (to) Counterparty Level 1	Level 2	Level 3	Total
$75 million	Wells Fargo Bank, N.A.	3.29%	$ -	$ (9,663,091)	$ -	$ (9,663,091)
$75 million	Morgan Stanley Capital Services LLC.	4.09%	-	(15,188,941)	-	(15,188,941)
$110 million	Wells Fargo Bank, N.A.	3.64%	-	(17,939,072)	-	(17,939,072)
$30 million	Bank of America, N.A.	3.63%	-	(6,124,918)	-	(6,124,918)
$115 million	Citibank Bank, N.A., New York	3.64%	-	(18,754,365)	-	(18,754,365)
$245 million	JP Morgan Chase Bank, N.A.	4.00%	-	(54,871,687)	-	(54,871,687)
$50 million	Bank of America, N.A.	3.63%	-	(10,717,836)	-	(10,717,836)
$260 million	Citibank Bank, N.A. New York	3.64%	-	(44,664,506)	-	(44,664,506)
$125 million	Bank of America, N.A.	2.96%	-	(15,052,504)	-	(15,052,504)
$60 million	Goldman Sachs Mitsui Marine Derivative Products, L.P.	3.64%	-	(12,317,038)	-	(12,317,038)
$85 million	Goldman Sachs Mitsui Marine Derivative Products, L.P.	3.64%	-	(18,337,025)	-	(18,337,025)
$170 million	The Bank of New York Mellon	3.64%	-	(36,673,560)	-	(36,673,560)
$40 million	The Bank of New York Mellon	2.22%	-	(1,285,113)	-	(1,285,113)
	Total Derivative Instruments - Fair Value		$ -	$ (261,589,656)	$ -	$ (261,589,656)

The fair value was determined by an independent outside pricing service. The inputs to the valuation methodology are observable pursuant to the fair value hierarchy and are derived principally from or corroborated by observable market data by correlation or other means in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Refer to Note 3B for the description of hierarchy levels (Level 1, Level 2, and Level 3).

Effective and maturity dates are presented in the Supplementary Information, Schedule 11-14.

[A] BATA paying fixed rate, receiving variable rate based on LIBOR Index.

The termination value or fair market value which BATA would pay to terminate all swaps on a voluntary basis is $262 million on June 30, 2022. However, BATA intends to maintain the swap transactions for the life of the related financings, notwithstanding market opportunities to restructure.

Swaps are subject to credit risk, which is the possibility that the counterparty will fail to make interest payment in a timely manner or the perception the counterparty will fail to make these interest payments.

A swap's credit quality is an assessment of the counterparty's ability to pay the interest on the swap. Credit quality may be evaluated by a national recognized independent credit-rating agency. The lower the rating, the greater the chance (in the opinion of the rating agency) that the counterparty will fail to meet its obligations or potentially default.

The swap contracts address credit risk by requiring the counterparties to post collateral if: 1) a counterparty's credit rating is equal to "A-", "A", or "A+" as determined by S&P or is equal to "A3", "A2", or "A1" by Moody's and the termination value of its swaps exceeds $10 million, payable to BATA; or 2) a counterparty's credit rating is below "A-" as determined by S&P or "A3" as determined by Moody's and the termination value of its swaps is greater than $0, payable to BATA.

As of June 30, 2022, none of the counterparties was required to post collateral with a third party safekeeping agent.

6. Leases

A. Lease receivable

BAHA is a lessor that leases office spaces of BAMC to both governmental and private sector tenants. The leases are noncancelable leases with the remaining lease terms ranging from 1 year to 5 years. Some of the leases include options to extend for up to 10 years. BAHA recognized $9,652,919 in lease revenue and $1,056,497 in interest revenue from leasing during the current fiscal year. BAHA also recognized a deferred inflow of resource associated with the leases that will be recognized as revenue over the lease term. The balance of the deferred inflow of resources as of June 30, 2022 was $26,053,517.

The future principal and interest payments of lease receivable as of June 30, 2022, were as follows:

Year Ending June 30	Principal	Interest	Total
2023	$ 9,368,673	$ 737,337	$ 10,106,010
2024	8,338,187	414,105	8,752,292
2025	4,224,104	166,726	4,390,830
2026	2,496,966	88,518	2,585,484
2027	2,100,655	21,042	2,121,697
2028 and after	234,070	146	234,216
Total	$ 26,762,655	$ 1,427,874	$ 28,190,529

B. Lease payable

BATA leases office space in BAMC from BAHA. The lease contract includes renewal option and as of June 30, 2022 the remaining lease term for the lease is 17 months. The balance of lease liability as of June 30, 2022 was $2,026,252.

	Beginning Balance July 1, 2021	Additions	Reductions	Ending Balance June 30, 2022
Lease liability	$ 3,390,287	$ -	$ (1,364,035)	$ 2,026,252

BATA licenses Conduent Inc. that collects and processes electronic toll revenues for BATA to use the office space as the FasTrak® Customer Service Center. This agreement does not qualify as a lease under GASB 87.

The future principal and interest payments as of June 30, 2022, were as follows:

Year Ending June 30	Principal	Interest	Total
2023	$ 1,424,030	$ 18,762	$ 1,442,792
2024	602,222	1,506	603,728
Total	$ 2,026,252	$ 20,268	$ 2,046,520

7. Interfund Receivables, Payables and Transfers

The composition of interfund transfers as of June 30, 2022, is as follows:

	Transfer In:							
Transfer Out:	General	AB 664 Net Toll Revenue Reserve	Rail Reserves	Bay Area Housing Finance Authority	Non-Major Governmental Funds	Non-Major Enterprise Fund MTC Clipper®	BAIFA	Total
Non-Major Govermental Funds	$ 1,222,495	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,222,495
STA	1,492,608	-	-	-	-	13,188,604	-	14,681,212
General	-	-	-	20,000,000	-	-	-	20,000,000
BATA	15,353,231	7,315,461	5,939,733	-	1,724,418	10,467,280	95,000,000	135,800,123
SAFE	795,718	-	-	-	-	-	-	795,718
Total	$ 18,864,052	$ 7,315,461	$ 5,939,733	$ 20,000,000	$ 1,724,418	$ 23,655,884	$ 95,000,000	$ 172,499,548

Transfers are used to move revenues from the fund with collection authority to the program fund that accounts for the various projects. These interfund transfers have been eliminated in the government-wide financial statements. The significant transfers are described below:

- An amount of $15,353,231 was transferred from BATA to the General fund which represents the annual transfer to MTC for administration and contribution and transfer to support the Bay Area

Forward projects.

- The transfer amount from BATA to AB 664 Toll Reserves, Rail Reserves and Non-Major funds totaling $14,979,612 is the amortization of the deferred revenue for these funds. See Note 1.P for further details.
- An amount of $10,467,280 was transferred from BATA to MTC Clipper® to support their operations.
- An amount of $13,188,604 was transferred from STA to MTC Clipper® to support their capital projects.
- An amount of $95,000,000 was transferred from BATA to BAIFA to support San Mateo express lanes projects.
- An amount of $20,000,000 representing a grant from the State for BAHFA was transferred from the General fund to BAHFA to support their operations.

Receivable Fund	Payable Fund	Amount
General	Non-Major Governmental Funds	$ 302,100
General	STA	899,627
General	BAHFA	41,246
General	BATA	697,706
BAIFA	BATA	2,919,186
Non-Major Enterprise Fund MTC Clipper®	STA	3,181,848
Non-Major Enterprise Fund MTC Clipper®	BATA	3,732,077
SAFE	General	2,302,830
BATA	BAIFA	261,992
BATA	MTC Clipper	15,000,000

Interfund receivables and payables between funds are due to timing differences resulting from when expenditures are incurred and payments are made. These interfund balances have been eliminated in the government-wide financial statements.

The significant interfund balances at June 30, 2022 are as follows:

- An amount of $2,302,830 represents an advance the General fund received from SAFE to support the Regional Travel Information Systems and I-880 Corridor Operations projects
- An amount of $3,732,077 represents expenses incurred for the MTC-Clipper 1 projects, but not yet reimbursed from BATA
- An amount of $3,181,848 represents expenses incurred for the MTC-Clipper 2 projects, but not yet reimbursed from STA
- An amount of $15,000,000 represents advance for the MTC-Clipper 2 project received from BATA.
- An amount of $2,919,186 represents express lanes revenue incurred for BAIFA, but not yet collected from BATA.

8. Employees' Retirement Plan

A. General Information about the Pension Plan

Plan Description

The Plan is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer defined benefit pension plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. An agent multiple-employer plan is one in which the assets of multiple employers are pooled for investment purposes, but separate accounts are maintained for each individual employer. A menu of benefit provisions as well as other requirements are established by state statutes within the Public Employees' Retirement Law. MTC selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate annual comprehensive financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS website or by writing to CalPERS Fiscal Services Division, PO Box 942703, Sacramento, California 94229.

Benefits Provided

MTC's Miscellaneous Employee Pension Plan ("the Plan"), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, equal to ten months of full-time employment for one year's credit. Classic members (hired before January 1, 2013) with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Public Employees' Pension Reform Act 2013 (PEPRA) Miscellaneous members (hired after January 1, 2013) with at least five years of service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the third Level, 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

Hire date	PERS Classic Miscellaneous Prior to January 1, 2013	PEPRA Miscellaneous On or after January 1, 2013
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years' service	5 years' service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 62
Monthly benefit as a % of eligible compensation	2% - 2.5%	1% - 2%

Employees Covered at the measurement date of June 30, 2022 are as follows**:**

Active employees	280
Inactive employees or beneficiaries currently receiving benefits	174
Inactive employees entitled to but not yet receiving benefits	170

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by an actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS's annual actuarial valuation process. 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 employer (MTC) is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer (MTC) to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. For current reporting period ended June 30, 2022, MTC's retirement contributions are allocated as follows:

- Tier 1 - The total Public Employees' Retirement System (PERS) contribution rate is 26.06 percent (consisting of 18.06 percent employer rate and 8.0 percent member rate). Per MTC and employee agreement, the shared contribution for the current reporting period ended June 30, 2022 is 18.92 percent by MTC and 7.14 percent by members.
- Tier 2 - The total PERS contribution rate is 25.31 percent (consisting of 18.06 percent employer rate and 7.25 percent member rate). Per MTC and employee agreement, the shared contribution for the current reporting period ended June 30, 2022 is 18.06 percent by MTC and 7.25 percent by members.

Total actual contribution made for fiscal year 2022 is $11,572,400 which consists of $6,572,400 employer actuarially determined contribution and an additional contribution of $5,000,000. The contribution is charged to its blended and discretely presented component units and funds on their share of MTC's payroll cost for the relevant year.

B. Net Pension Liability/(Asset)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

MTC's net pension liability/(asset) is measured as the total pension liability, less the Plan's fiduciary net position. For the measurement period ended June 30, 2021, the total pension liability was determined using the annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures.

Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.5%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table(1)	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.5% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.5% thereafter

(1)The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be obtained at CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability is 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payment's of current plan members. Therefore, the long term expected rate of return of plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the fund's assets classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects fiscal year 2022 long-term expected real rate of return by asset class.

Asset Class*	Assumed Asset Allocation	Real Return Years 1-10**	Real Return Years 11+***
Public Equity	50.0%	4.80%	5.98%
Fixed Income	28.0	1.00	2.62
Inflation Assets	0	0.77	1.81
Private Equity	8.0	6.30	7.23
Real Assets	13.0	3.75	4.93
Liquidity	1.0	0	-0.92

* Fixed income is included in Global Debt Securities; Liquidity is included in short-term investments; Inflation assets are included in both Global Equity Securities and Global Debt Securities.
** An expected inflation of 2.00% used for this period
*** An expected inflation of 2.92% used for this period

C. Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

D. Changes in the Net Pension Liability/(Asset)

The following table shows the changes in net pension liability/(asset) recognized over the measurement period.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2020	$ 195,020,532	$ 173,563,747	$ 21,456,785
Changes Recognized for the Measurement Period:			
Service Cost	6,780,723	-	6,780,723
Interest on Total Pension Liability	13,811,498	-	13,811,498
Difference between Expected and Actual Experience	(1,674,380)	-	(1,674,380)
Contributions from Employers	-	11,934,636	(11,934,636)
Contributions from Employees	-	3,005,578	(3,005,578)
Net Investment Income	-	41,182,147	(41,182,147)
Benefit Payments, including Refunds of Employee Contributions	(7,137,426)	(7,137,426)	-
Administrative Expense	-	(173,380)	173,380
Net Changes during 2020-21	11,780,415	48,811,555	(37,031,140)
Balance at June 30, 2021	$ 206,800,947	$ 222,375,302	$ (15,574,355)

	Primary Government					
		Business-Type Activities				
	Governmental Activities	Bay Area Toll Authority	MTC SAFE	MTC Clipper	BAIFA	Primary Government Total
Net pension liability/(asset) for fiscal year 2022	$ (6,522,562)	$ (8,075,521)	$ (134,856)	$ (443,576)	$ (330,948)	$ (15,507,463)

	Component Unit	
	BAHA	Grand Total
Net pension liability/(asset) for fiscal year 2022	$ (66,892)	$ (15,574,355)

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability/(asset) 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.

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Primary Government			
Governmental Activities	$ 5,605,337	$ (6,522,562)	$ (16,518,901)
Business-Type Activities			
Bay Area Toll Authority	6,939,913	(8,075,521)	(20,451,891)
MTC SAFE	115,892	(134,856)	(341,533)
MTC Clipper	381,199	(443,576)	(1,123,391)
BAIFA	284,409	(330,948)	(838,152)
Component Unit			
BAHA	57,485	(66,892)	(169,409)
Plan's Net Pension Liability / (Asset)	$ 13,384,235	$ (15,574,355)	$ (39,443,277)

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB Statement 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

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

Net Difference between projected and actual earnings on pension plan investments	Five year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of beginning of the measurement period

Expected Average Remaining Service Lifetime (EARSL)

The EARSL for the Plan for the measurement period ended June 30, 2021 is 4.6 years which was obtained by dividing the total service years of 2,899 (the sum of remaining service lifetimes of the active employees) by 624 (the total number participants: active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to zero years. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

E. Pension Expenses and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

MTC recognized pension income of $644,466 for fiscal year 2022 based on the measurement period ended June 30, 2021. The pension income is allocated to its blended and discretely presented component units and funds as follows:

	Primary Government					
		Business-Type Activities				
	Governmental Activities	Bay Area Toll Authority	MTC SAFE	MTC Clipper	BAIFA	Primary government Total
Pension income for fiscal year 2022	$ (652,530)	$ 110,529	$ (19,871)	$ (27,822)	$ (61,260)	$ (650,954)

	Component Unit	
	BAHA	Grand Total
Pension income for fiscal year 2022	$ 6,488	$ (644,466)

For the fiscal year of 2022, MTC has deferred outflows and deferred inflows of resources related to pensions as follows:

Deferred Outflows of Resources

	Primary Government					
		Business-Type Activities				
	Governmental Activities	Bay Area Toll Authority	MTC SAFE	MTC Clipper	BAIFA	Primary Government Total
Difference between expected and actual experience	$ 2,066,703	$ 610,475	$ 42,730	$ 140,549	$ 104,862	$ 2,965,319
Employer contributions for fiscal year 2022	8,897,226	1,343,470	183,956	605,069	451,435	11,481,156
Total	$ 10,963,929	$ 1,953,945	$ 226,686	$ 745,618	$ 556,297	$ 14,446,475

	Component Unit BAHA	Grand Total
Difference between expected and actual experience	$ 21,195	$ 2,986,514
Employer contributions for fiscal year 2022	91,244	11,572,400
Total	$ 112,439	$ 14,558,914

Deferred Inflows of Resources

	Primary Government					
		Business-Type Activities				
	Governmental Activities	Bay Area Toll Authority	MTC SAFE	MTC Clipper	BAIFA	Primary Government Total
Changes in assumptions	$ (796,299)	$ (235,215)	$ (16,465)	$ (54,152)	$ (40,404)	$ (1,142,535)
Difference between expected and actual experience	(1,064,075)	(314,313)	(22,000)	(72,364)	(53,990)	(1,526,742)
Net difference between projected and actual earnings on pension plan investments	(14,636,433)	(4,323,396)	(302,617)	(995,371)	(742,636)	(21,000,453)
Total	$ (16,496,807)	$ (4,872,924)	$ (341,082)	$ (1,121,887)	$ (837,030)	$ (23,669,730)

	Component Unit BAHA	Grand Total
Changes in assumptions	$ (8,166)	$ (1,150,701)
Difference between expected and actual experience	(10,913)	(1,537,655)
Net difference between projected and actual earnings on pension plan investments	(150,101)	(21,150,554)
Total	$ (169,180)	$ (23,838,910)

The $11,572,400 included an additional $5,000,000 contribution made for this fiscal year. In the proceeding table, deferred outflows of resources related to employer contributions subsequent to the measurement date and will be recognized as an increase in the net pension asset in the year ended June 30, 2023.

The amount reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

	Deferred Outflows/(Inflows) of Resources						
		Business-Type Activities				Component Unit	
Year ended	Governmental Activities	Bay Area Toll Authority	MTC SAFE	MTC Clipper	BAIFA	BAHA	Total
2023	$ (3,800,589)	$ (1,122,640)	$ (78,580)	$ (258,464)	$ (192,838)	$ (38,977)	$ (5,492,088)
2024	(2,855,685)	(843,529)	(59,043)	(194,205)	(144,895)	(29,286)	(4,126,643)
2025	(3,678,085)	(1,086,455)	(76,047)	(250,133)	(186,622)	(37,720)	(5,315,062)
2026	(4,095,745)	(1,209,825)	(84,682)	(278,536)	(207,813)	(42,002)	(5,918,603)

9. Other Post Employment Benefits (OPEB)

A. General Information about the Other Post-Employment Benefit (OPEB)

Plan Description

MTC established a Section 115 irrevocable benefit trust fund for its other post-employment benefit (OPEB) plan with the Public Agency Retirement Services (PARS). The trust is a public agency agent multiple-employer post-retirement health benefit trust which provide public agencies of administration in the funding of each agency's respective other post-employment benefit obligation.

MTC contracts its health benefit program with the Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by CalPERS for both active and retired employees.

Benefit Provided

MTC's defined benefit OPEB plan provides medical coverage to all eligible retired employees and their eligible dependents. MTC maintains the same medical plans for its retirees as for its active employees. Once a retiree becomes eligible for Medicare, he or she must join a Medicare HMO or a Medicare Supplement plan, with Medicare becoming the primary payer. The costs of the medical benefit are shared between the employer (95%) and retiree (5%) with a cap.

Eligibility

Employees become eligible to retire and receive healthcare benefits upon reaching the age of 50 with 5 years of service with CalPERS agency. Benefits are paid for the lifetime of the retiree, spouse or surviving spouse, and dependents up to the age of 26.

The number of participants eligible to receive benefits at July 1, 2021, the date of the roll-forward actuarial valuation:

Active employees	294
Inactive employees or beneficiaries currently receiving benefit payments	122
Inactive employees entitled to but not yet receiving benefit payments	8
	424

Contribution

The obligation of MTC to contribute to the OPEB plan is established and may be amended by the MTC's Commission. MTC contributes annually to the Trust fund based on the recommended actuarial determined contribution (ADC) amount which is determined by the funding policy and the most recent measurement available when the contribution for the reporting period was adopted. For the fiscal year ended June 30, 2022, MTC pays the retiree benefit expense on a pay-as-you-go basis of $1,416,805, and made a contribution of $3,183,195 to the Trust fund at PARS. MTC's implied subsidy amount for fiscal year 2022 is $322,000.

B. Net OPEB Liability / (Asset)

MTC's net OPEB liability / (asset) was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by the roll-forward actuarial valuation.

Actuarial Assumptions

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

For the fiscal year 2021	Actuarial Assumptions
Discount rate	3.75%
Inflation	2.75%
Investment rate of return	4.50%
Healthcare cost trend rates	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076
Mortality	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2020

The long-term expected rate of return on OPEB plan investments was based on the investment policy of the PARS Trust where MTC invests its assets to fund its OPEB liabilities. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Expected Real Rate of Return
Fixed Income	100.00%	N/A
Total	100.00%	

Change in assumptions

The discount rate used to measure the total OPEB liability was decreased from 4.5 percent in FY 2021 to 3.75 percent in FY 2022.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.75 percent which reflects the MTC's current policy of funding its OPEB liabilities. The projection of cash flows used to determine the discount rate assumed that MTC'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. 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.

C. OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan fiduciary net position is available in the separately issued PARS financial report. Copies of the PARS report may be obtained by writing to PARS, 4350 Von Karman Avenue, Newport Beach, CA 92660, or from PARs' website at www.pars.org.

D. Changes in the Net OPEB Liability / (Asset)

The following tables show the changes in net OPEB liability / (asset) recognized for the year ended June 30, 2022.

	Increase / (Decrease) Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Asset (a) - (b)
Balance as of June 30, 2021	$ 46,177,169	$ 52,699,194	$ (6,522,025)
Service cost	3,064,687	-	3,064,687
Interest on the total OPEB liability	2,181,789	-	2,181,789
Differences between expected and actual experience	(1,135,036)	-	(1,135,036)
Changes in Assumption	1,160,466	-	1,160,466
Contributions - employer	-	1,864,000	(1,864,000)
Net investment income	-	(86,795)	86,795
Benefit payments	(1,515,330)	(1,515,330)	-
Administrative expense	-	(187,391)	187,391
Net changes	3,756,576	74,484	3,682,092
Balance as of June 30, 2022	$ 49,933,745	$ 52,773,678	$ (2,839,933)

	Primary Government					
		Business-Type Activities				
	Governmental Activities	Bay Area Toll Authority	MTC SAFE	MTC Clipper	BAIFA	Primary Government Total
Net OPEB Asset for fiscal year 2022	$ (1,965,267)	$ (580,512)	$ (40,633)	$ (133,651)	$ (99,715)	$ (2,819,778)

	Component Unit BAHA	Grand Total
Net OPEB Asset for fiscal year 2022	$ (20,155)	$ (2,839,933)

Sensitivity of the net OPEB liability / (asset) to changes in the discount rate

The following presents what the MTC's net OPEB liability / (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (2.75%)	Current Discount Rate (3.75%)	1% Increase in Discount Rate (4.75%)
Primary Government			
Governmental Activities	$ 3,297,935	$ (1,965,267)	$ (6,223,222)
Business-Type Activities			
Bay Area Toll Authority	974,163	(580,512)	(1,838,252)
MTC SAFE	68,187	(40,633)	(128,669)
MTC Clipper	224,281	(133,651)	(423,219)
BAIFA	167,333	(99,715)	(315,759)
Component Unit			
BAHA	33,822	(20,155)	(63,822)
Net OPEB Liability / (Asset)	$ 4,765,721	$ (2,839,933)	$ (8,992,943)

The following presents what the MTC's net OPEB liability / (asset) would be if it were calculated using healthcare cost trend that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Sensitivity of the net OPEB liability / (asset) to changes in the healthcare cost trend rates

	1% Decrease in Healthcare Cost Trend Rate	Current Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
Primary Government			
Governmental Activities	$ (6,956,798)	$ (1,965,267)	$ 4,370,302
Business-Type Activities			
Bay Area Toll Authority	(2,054,940)	(580,512)	1,290,925
MTC SAFE	(143,836)	(40,633)	90,359
MTC Clipper	(473,107)	(133,651)	297,208
BAIFA	(352,980)	(99,715)	221,744
Component Unit			
BAHA	(71,345)	(20,155)	44,819
Net OPEB Liability / (Asset)	$ (10,053,006)	$ (2,839,933)	$ 6,315,357

E. OPEB Expenses and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the MTC recognized OPEB expenses of $3,519,302. The OPEB expenses are allocated to its blended and discretely presented component units and funds as follows:

	Primary Government					
		Business-Type Activities				
	Governmental Activities	Bay Area Toll Authority	MTC SAFE	MTC Clipper	BAIFA	Primary Government Total
OPEB expense for fiscal year 2022	$ 2,487,557	$ 656,532	$ 55,101	$ 159,647	$ 142,537	$ 3,501,374

	Component Unit	
	BAHA	Grand Total
OPEB expense for fiscal year 2022	$ 17,928	$ 3,519,302

At June 30, 2022, MTC reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources

	Primary Government					
		Business-Type Activities				
	Governmental Activities	Bay Area Toll Authority	MTC SAFE	MTC Clipper	BAIFA	Primary Government Total
Changes in assumptions	$ 703,913	$ 207,926	$ 14,554	$ 47,871	$ 35,716	$ 1,009,980
Difference between expected and actual experience	1,270,154	375,185	26,261	86,379	64,446	1,822,425
Net difference between projected and actual earnings on pension plan investments	517,372	152,824	10,697	35,185	26,251	742,329
Employer contributions for fiscal year 2022	2,425,635	716,499	50,152	164,959	123,074	3,480,319
Total	$ 4,917,074	$ 1,452,434	$ 101,664	$ 334,394	$ 249,487	$ 7,055,053

	Component Unit	
	BAHA	Grand Total
Changes in assumptions	$ 7,219	$ 1,017,199
Difference between expected and actual experience	13,026	1,835,451
Net difference between projected and actual earnings on pension plan investments	5,306	747,635
Employer contributions for fiscal year 2022	24,876	3,505,195
Total	$ 50,427	$ 7,105,480

Deferred Inflows of Resources

	Primary Government					
		Business-Type Activities				
	Governmental Activities	Bay Area Toll Authority	MTC SAFE	MTC Clipper	BAIFA	Primary Government Total
Changes in assumptions	$ 1,330,915	$ 393,133	$ 27,517	$ 90,511	$ 67,529	$ 1,909,605
Net difference between expected and actual experience	688,487	203,370	14,235	46,822	34,933	987,847
Total	$ 2,019,402	$ 596,503	$ 41,752	$ 137,333	$ 102,462	$ 2,897,452

	Component Unit	
	BAHA	Grand Total
Changes in assumptions	$ 13,649	$ 1,923,254
Net difference between projected and actual earnings on plan investments	7,061	994,908
Total	$ 20,710	$ 2,918,162

The $3,505,195 contribution made in the preceding table is reported as deferred outflows of resources related to employer contributions subsequent to the measurement date and will be recognized as an increase to the net OPEB asset in the year ended June 30, 2023.

Amounts currently reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

	Deferred Outflows/(Inflows) of Resources						
		Business-Type Activities					
Year ended:	Governmental Activities	Bay Area Toll Authority	MTC SAFE	MTC Clipper	BAIFA	BAHA	Total
2023	$ 142,544	$ 42,105	$ 2,947	$ 9,694	$ 7,232	$ 1,462	$ 205,984
2024	(65,567)	(19,367)	(1,356)	(4,459)	(3,327)	(672)	(94,748)
2025	71,019	20,978	1,468	4,830	3,603	728	102,626
2026	331,331	97,870	6,850	22,533	16,811	3,398	478,793
2027	(9,510)	(2,810)	(197)	(647)	(483)	(98)	(13,745)
Thereafter	2,220	656	48	151	115	23	3,213

10. Compensated Absences

The compensated absences liability which is included in the other noncurrent liabilities of the government-wide Statement of Net Position totals $9,269,205 for Primary Government, and $71,434 for its Component Unit. The general fund is typically used to liquidate this liability when it becomes due and payable. A summary of changes in compensated absences for the year June 30, 2022 is as follows:

Primary Government	Beginning Balance July 1, 2021	Change in proportion	Beginning Balance After Change in proportion	Additions	Reductions	Ending Balance June 30, 2022	Due Within One Year
Governmental Activities	$ 6,427,839	$ (650,271)	$ 5,777,568	$ 5,844,923	$ (5,812,322)	$ 5,810,169	$ 2,373,128
Business-Type Activities	2,794,475	645,154	3,439,629	3,479,730	(3,460,323)	3,459,036	1,412,822
Total	$ 9,222,314	$ (5,117)	$ 9,217,197	$ 9,324,653	$ (9,272,645)	$ 9,269,205	$ 3,785,950

Component Unit	Beginning Balance July 1, 2021	Change in proportion	Beginning Balance After Change in proportion	Additions	Reductions	Ending Balance June 30, 2022	Due Within One Year
BAHA	$ 65,917	$ 5,116	$ 71,033	$ 71,862	$ (71,461)	$ 71,434	$ 29,177
Total	$ 65,917	$ 5,116	$ 71,033	$ 71,862	$ (71,461)	$ 71,434	$ 29,177

11. Commitments and Contingencies

MTC's grant funded projects are subject to audit by the respective grantors. The final determination of allowable project costs can be made only after the grantors' audits are completed and final rulings by the grantors' administrative departments are obtained. Disallowed expenditures, if any, must be borne by nonfederal funds. In the opinion of MTC's management, such disallowances, if any, would not have a material adverse effect on the accompanying government-wide financial statements.

MTC is involved in various claims and litigation that are considered normal to MTC's activities. In the opinion of MTC's management, the ultimate resolution of these matters will not have a material adverse effect on MTC's government-wide financial position.

Regional Measure 3 (RM 3)

Pursuant to California Senate Bill 565 signed into law in October 2017, MTC was authorized to place a new regional toll measure before the voters. The voters approved RM 3 in November 2017 by 54%. RM 3 authorized BATA to implement a toll increase of up to $3.00 starting with $1.00 in January 2019 and subsequent $1.00 increases in January 2022 and 2025. Funds from RM3 are to be used for $4.45 billion in traffic relief projects and a cap of 16% for specified transit operating support. Following approval by the voters, two lawsuits were filed contesting the validity of the state approval. In July 2019, the trial court affirmed the state action and dismissed the law suits. The court consolidated the cases for appeal purposes. In June 2020, the First Court District of Appeal dismissed the lawsuit. Subsequently, the plaintiff filed an appeal to the California Supreme Court and BATA is waiting on the decision. However, based on the likelihood of the potential loss, total RM 3 revenue including the prior year accumulated toll revenue and interest earnings was first recognized in fiscal year 2021 and amounts collected in FY 2022 are recorded in toll revenues. The board also directed that the funds collected from the RM 3 be maintained in external escrow trust until litigation in the matter is resolved.

BAIFA

BAIFA entered into contracts with external parties to construct express lanes, provide traffic control in the construction area, and develop the toll collection system. As of June 30, 2022, there are approximately $45,029,000 in future capital expenditure commitments.

MTC Clipper®

MTC Clipper® has entered into contracts with external parties to develop and provide the fare payment system software and equipment. As of June 30, 2022, there are approximately $40,858,000 in future capital expenditure commitments.

BAHA - Discretely Presented Component Unit

BAHA has entered into contracts with multiple external parties to perform the building and tenant improvements construction and working space furnishing in the Bay Area Metro Center (BAMC). As of June 30, 2022, there are approximately $1,451,300 in future capital expenditure commitments.

12. Risk Management

MTC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. MTC purchases commercial insurance through an insurance agent, who obtains the appropriate insurance coverage needed by MTC from insurance companies. Insurance coverage is subject to market volatility. No settlement amounts have exceeded commercial insurance coverage for the past three years.

13. Related Party Transactions

MTC - Primary Government

On May 30, 2017 MTC and ABAG signed a Contract for Services agreement which states that the MTC Executive Director and the consolidated staff will perform all of the duties and programmatic work for ABAG and its Local Collaboration Programs, which are ABAG Finance Authority for Non-Profit Corporations now operating as Advancing California Finance Authority and ABAG Publicly Owned Energy Resources, that were previously performed by ABAG staff. The consolidation of ABAG's staff and functions into MTC was effective on July 1, 2017.

On November 14, 2018, MTC board approved an operational advance to ABAG in the amount not to exceed $10 million to assist ABAG with its cash flows needs. The advance will be drawn by ABAG as needed. ABAG will be charged 1% fee on any drawn amounts. On October 23, 2019, the MTC Commission approved an extension of the ABAG Operational Advance for Liquidity and Cash Flow through December 2021, unless reauthorized in advance by MTC and ABAG. MTC authorized up to $2 million of the operational advance for longer term project loans which included $1 million for the ABAG Bay Area Regional Energy Network (BayREN) Water Bill Savings Program. During fiscal year 2022, ABAG utilized $250,000 from the $1 million authorized loan for the BayREN Water Bill Saving program.

BAHA - Discretely Presented Component Unit

On June 22, 2017, 375 Beale Condominium Corporation ("375 Beale Condo") was incorporated in the State of California. The 375 Beale Condo started to exercise its custodial responsibility on behalf of the three owner occupants, BAHA, Bay Area Air Quality Management District (BAAQMD), and ABAG on July 1, 2017. The 375 Beale Condo assessed both facility common and agency common assessment fees to meet all required expenditures of the common area and joint used space. The Bay Area Metro Center (BAMC) building has been subdivided into four condominium units. BAHA owns two units, and BAAQMD and ABAG each owns one. 375 Beale Condo's governing board consists of four directors appointed by the owners of each unit.

BAHA contracted Cushman and Wakefield of California, Inc. (C&W) to provide day-to-day property management services on behalf of the three condominium unit owners. For the fiscal year 2022, BAHA assessed $4,014,986 from the three condominium owners for the common area operations and refunded $568,144 to condominium owners. As of June 30, 2022, BAHA has $170,174 payables to 375 Beale Condo.

Metropolitan Transportation Commission
Table of Contents
June 30, 2022

REQUIRED SUPPLEMENTARY INFORMATION

Metropolitan Transportation Commission
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund (unaudited)
For the Year Ended June 30, 2022 — Schedule I

	Original Budget [1]	Final Budget [1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Sales Taxes	$ 14,100,000	$ 14,100,000	$ 16,821,183	$ 2,721,183
Federal Grants	104,194,523	111,423,233	53,469,915	(57,953,318)
State Grants	15,298,143	14,684,211	26,532,642	11,848,431
Local agencies revenues and refunds	6,616,745	17,411,335	11,287,958	(6,123,377)
Investment income - unrestricted	331,500	331,500	64,124	(267,376)
TOTAL REVENUES	140,540,911	157,950,279	108,175,822	(49,774,457)
EXPENDITURES				
General Government	229,647,135	247,417,931	80,078,933	167,338,998
Allocations to other agencies	11,266,000	15,875,659	19,650,838	(3,775,179)
Capital outlay	624,050	624,050	10,783	613,267
TOTAL EXPENDITURES	241,537,185	263,917,640	99,740,554	164,177,086
REVENUES OVER (UNDER) EXPENDITURES	(100,996,274)	(105,967,361)	8,435,268	114,402,629
OTHER FINANCING SOURCES (USES)				
Transfers In	26,124,089	31,521,393	18,864,052	(12,657,341)
Transfers Out	-	(20,000,000)	(20,000,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	26,124,089	11,521,393	(1,135,948)	(12,657,341)
NET CHANGE IN FUND BALANCES	(74,872,185)	(94,445,968)	7,299,320	101,745,288
Fund balances - beginning	57,589,080	57,589,080	57,589,080	-
Fund balances - ending	$ (17,283,105)	$ (36,856,888)	$ 64,888,400	$ 101,745,288

[1] Budget prepared in accordance with GAAP.

See accompanying Report of Independent Auditors.

Metropolitan Transportation Commission

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - AB 664 Net Toll Revenue Reserve Fund (unaudited)

For the Year Ended June 30, 2022 — Schedule II

	Original Budget [1]	Final Budget [1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Local agencies revenues and refunds	$ -	$ -	$ 5,246	$ 5,246
Investment income - unrestricted	-	-	299,572	299,572
TOTAL REVENUES	-	-	304,818	304,818
EXPENDITURES				
General Government	-	-	5,013	(5,013)
Allocations to other agencies	11,719,686	88,380,750	23,107,286	65,273,464
TOTAL EXPENDITURES	11,719,686	88,380,750	23,112,299	65,268,451
REVENUES UNDER EXPENDITURES	(11,719,686)	(88,380,750)	(22,807,481)	65,573,269
OTHER FINANCING SOURCES				
Transfers In	7,315,461	7,315,461	7,315,461	-
TOTAL OTHER FINANCING SOURCES	7,315,461	7,315,461	7,315,461	-
NET CHANGE IN FUND BALANCES	(4,404,225)	(81,065,289)	(15,492,020)	65,573,269
Fund balances - beginning	(18,369,759)	(18,369,759)	(18,369,759)	-
Fund balances - ending	$ (22,773,984)	$ (99,435,048)	$ (33,861,779)	$ 65,573,269

[1] Budget prepared in accordance with GAAP.

See accompanying Report of Independent Auditors.

Metropolitan Transportation Commission

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - State Transit Assistance Fund (unaudited)

For the Year Ended June 30, 2022 — Schedule III

	Original Budget [1]	Final Budget [1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
State Grants	$ 65,290,388	$ 76,769,004	$ 80,870,728	$ 4,101,724
Local agencies revenues and refunds	-	-	2,049,381	2,049,381
Investment income - unrestricted	-	-	(2,581,532)	(2,581,532)
TOTAL REVENUES	65,290,388	76,769,004	80,338,577	3,569,573
EXPENDITURES				
Allocations to other agencies	163,930,343	175,408,959	49,558,530	125,850,429
TOTAL EXPENDITURES	163,930,343	175,408,959	49,558,530	125,850,429
REVENUES OVER (UNDER) EXPENDITURES	(98,639,955)	(98,639,955)	30,780,047	129,420,002
OTHER FINANCING SOURCES (USES)				
Transfers In	98,639,955	98,639,955	-	(98,639,955)
Transfers Out	-	-	(14,681,212)	(14,681,212)
TOTAL OTHER FINANCING SOURCES (USES)	98,639,955	98,639,955	(14,681,212)	(113,321,167)
NET CHANGE IN FUND BALANCES	-	-	16,098,835	16,098,835
Fund balances - beginning	98,639,956	98,639,956	98,639,956	-
Fund balances - ending	$ 98,639,956	$ 98,639,956	$ 114,738,791	$ 16,098,835

[1] Budget prepared in accordance with GAAP.

See accompanying Report of Independent Auditors.

Metropolitan Transportation Commission
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Rail Reserves Fund (unaudited)
For the Year Ended June 30, 2022 — Schedule IV

	Original Budget [1]	Final Budget [1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Local agencies revenues and refunds	$ -	$ -	$ 3,739	$ 3,739
Investment income - unrestricted	-	-	57,552	57,552
TOTAL REVENUES	-	-	61,291	61,291
EXPENDITURES				
General Government	-	-	1,979	(1,979)
Allocations to other agencies	5,939,733	5,939,733	61,970	5,877,763
TOTAL EXPENDITURES	5,939,733	5,939,733	63,949	5,875,784
REVENUES UNDER EXPENDITURES	(5,939,733)	(5,939,733)	(2,658)	5,937,075
OTHER FINANCING SOURCES				
Transfers In	5,939,733	5,939,733	5,939,733	-
NET CHANGE IN FUND BALANCES	-	-	5,937,075	5,937,075
Fund balances - beginning	(84,829,712)	(84,829,712)	(84,829,712)	-
Fund balances - ending	$ (84,829,712)	$ (84,829,712)	$ (78,892,637)	$ 5,937,075

[1] Budget prepared in accordance with GAAP.

See accompanying Report of Independent Auditors.

Metropolitan Transportation Commission

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - BART Car Exchange Fund (unaudited)

For the Year Ended June 30, 2022 — Schedule V

	Original Budget[1]	Final Budget[1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Investment income - restricted	$ -	$ -	$ 769,695	$ 769,695
TOTAL REVENUES	-	-	769,695	769,695
EXPENDITURES				
General Government	-	-	4,875	(4,875)
Allocations to other agencies	-	179,000,000	15,235,382	163,764,618
TOTAL EXPENDITURES	-	179,000,000	15,240,257	163,759,743
NET CHANGE IN FUND BALANCES	-	(179,000,000)	(14,470,562)	164,529,438
Fund balances - beginning	363,756,050	363,756,050	363,756,050	-
Fund balances - ending	$ 363,756,050	$ 184,756,050	$ 349,285,488	$ 164,529,438

[1] Budget prepared in accordance with GAAP.

See accompanying Report of Independent Auditors.

Metropolitan Transportation Commission
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Bay Area Housing Finance Authority
For the Year Ended June 30, 2022 — Schedule VI

	Original Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Investment income - unrestricted	$ -	$ -	$ 3,211	$ 3,211
TOTAL REVENUES	-	-	3,211	3,211
EXPENDITURES				
General Government	18,500,000	18,500,000	230,640	18,269,360
TOTAL EXPENDITURES	18,500,000	18,500,000	230,640	18,269,360
REVENUES OVER (UNDER) EXPENDITURES	(18,500,000)	(18,500,000)	(227,429)	18,272,571
OTHER FINANCING SOURCES (USES)				
Transfers In	20,000,000	20,000,000	20,000,000	-
TOTAL OTHER FINANCING SOURCES (USES)	20,000,000	20,000,000	20,000,000	-
NET CHANGE IN FUND BALANCES	1,500,000	1,500,000	19,772,571	18,272,571
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ 1,500,000	$ 1,500,000	$ 19,772,571	$ 18,272,571

Metropolitan Transportation Commission
Schedule of Changes in the Net Pension Liability (unaudited)
For the Measurement Periods Ended June 30
Last Ten Years*

Schedule VII

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	$ 6,780,723	$ 6,538,852	$ 6,332,691	$ 6,156,743	$ 4,923,634	$ 3,969,969	$ 3,699,768	$ 3,710,617
Interest	13,811,498	13,029,835	12,111,258	10,871,494	10,572,028	10,131,302	9,499,032	8,852,738
Changes of assumptions	-	-	-	(5,335,069)	9,136,825	-	(2,410,626)	-
Difference between expected and actual experience	(1,674,380)	908,440	6,335,416	(1,053,719)	(3,383,252)	(352,537)	515,758	-
Benefit payments and refunds of contribution	(7,137,426)	(7,028,381)	(6,188,088)	(6,036,425)	(5,033,718)	(4,779,280)	(4,653,536)	(4,404,877)
Net change in total pension liability	11,780,415	13,448,746	18,591,277	4,603,024	16,215,517	8,969,454	6,650,396	8,158,478
Total pension liability - beginning	195,020,532	181,571,786	162,980,509	158,377,485	142,161,968	133,192,514	126,542,118	118,383,640
Total pension liability - ending	$ 206,800,947	$ 195,020,532	$ 181,571,786	$ 162,980,509	$ 158,377,485	$ 142,161,968	$ 133,192,514	$ 126,542,118
Plan Fiduciary Net Position								
Contributions - employer	$ 11,934,636	$ 23,203,828	$ 6,066,267	$ 5,457,108	$ 5,196,976	$ 4,128,694	$ 3,819,020	$ 3,313,040
Contributions - member	3,005,578	2,817,516	2,619,718	2,537,731	2,124,545	1,848,104	1,755,442	2,310,147
Net plan to plan resource movement	-	-	1,376,963	(309)	-	-	-	-
Net investment income	41,182,147	8,164,271	9,132,264	10,586,685	12,110,384	535,476	2,304,601	15,270,089
Benefit payments and refunds of contributions	(7,137,426)	(7,028,381)	(6,188,088)	(6,036,425)	(5,033,718)	(4,779,280)	(4,653,536)	(4,404,877)
Administrative expenses	(173,380)	(206,689)	(95,412)	(189,652)	(158,667)	(64,478)	(119,062)	-
Other miscellaneous income/(expense)[2]	-	-	309	(360,152)	-	-	-	-
Net change in plan fiduciary net position	48,811,555	26,950,545	12,912,021	11,994,986	14,239,520	1,668,516	3,106,465	16,488,399
Plan Fiduciary Net Position - beginning	173,563,747	146,613,202	133,701,181	121,706,195	107,466,675	105,798,159	102,691,694	86,203,295
Plan Fiduciary Net Position - ending	$ 222,375,302	$ 173,563,747	$ 146,613,202	$ 133,701,181	$ 121,706,195	$ 107,466,675	$ 105,798,159	$ 102,691,694
Net Pension Liability/Asset - ending	$ (15,574,355)	$ 21,456,785	$ 34,958,584	$ 29,279,328	$ 36,671,290	$ 34,695,293	$ 27,394,355	$ 23,850,424
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/Asset	107.53%	89.00%	80.75%	82.04%	76.85%	75.59%	79.43%	81.15%
Covered Payroll[1]	39,015,440	36,306,211	34,846,017	33,455,049	27,722,133	23,713,316	22,111,218	20,191,937
Plan Net Pension Liability/Asset as a Percentage of Covered Payroll	-39.92%	59.10%	100.32%	87.52%	132.28 %	146.31 %	123.89 %	118.12 %

[1] Fiscal year 2015 covered-employee payroll has been revised to covered payroll in accordance with the implementation guidance in GASB Statement 82, *Pension Issues, an amendment of GASB Statement No. 67, No. 68, and No. 73*. The covered payroll includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-21 and 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17 and 2019-20.

[2] During FY 17-18, as a result of GASB 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions*, CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during FY 17-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB 68, Accounting and Financial Reporting for Pensions.

[*] Only eight years' data is available.

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2020 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: None in 2019-2021. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

Metropolitan Transportation Commission
Schedule of Employer Contributions - Pension (unaudited)
For the Fiscal Years Ended June 30
Last Ten Years

Schedule VIII

Fiscal Year	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	$ 6,572,400	$ 6,932,097	$ 6,981,257	$ 6,066,260	$ 5,457,084	$ 5,198,407	$ 4,128,694	$ 3,819,020	$ 3,311,675	$ 3,103,791
Contributions in relation to the actuarially determined contribution	(11,572,400)	(11,932,097)	(23,202,600)	(6,066,260)	(5,457,084)	(5,198,407)	(4,128,694)	(3,819,020)	(3,311,675)	(3,103,791)
Contribution deficiency (excess)	$ (5,000,000)	$ (5,000,000) (1)	$ (16,221,343) (1)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll(2)	$ 41,289,893	$ 39,015,440	$ 36,306,211	$ 34,846,017	$ 33,455,049	$ 27,722,133	$ 23,713,316	$ 22,111,218	$ 20,191,937	$ 18,966,022
Actual contributions as a percentage of covered payroll	28.03%	30.58%	63.91%	17.41%	16.31%	18.75%	17.41%	17.27%	16.40%	16.36%

(1) Additional payment above the Actuarially Determined Contribution to paydown the Unfunded Pension Liability

(2) Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-19 and 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17, and 2019-20.

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year 2020-21 were derived from the June 30, 2018 funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method / Period	For details, see June 30, 2018 Funding Valuation Report.
Asset Valuation Method	Fair Value of Assets. For details, see June 30, 2018 Funding Valuation Report.
Inflation	2.5%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	2.75%
Investment Rate of Return	7.00% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90 % of Scale MP-2016 published by the Society of Actuaries.

Metropolitan Transportation Commission
Schedule of Changes in Net OPEB Liability / (Asset) and Related Ratios (unaudited)
For the Measurement Periods Ended June 30
Last Ten Years* Schedule IX

	2021	2020	2019	2018	2017
Total OPEB liability					
Service Cost	$ 3,064,687	$ 2,975,424	$ 2,725,415	$ 2,608,053	$ 2,495,744
Interest on the total OPEB liability	2,181,789	2,019,186	1,867,508	1,718,583	1,574,575
Difference between actual and expected experience	(1,135,036)	-	2,894,367	-	-
Changes of assumptions	1,160,466	-	(3,032,822)	-	-
Benefit payments	(1,515,330)	(1,425,610)	(1,242,130)	(1,026,974)	(937,878)
Net change in total OPEB liability	3,756,576	3,569,000	3,212,338	3,299,662	3,132,441
Total OPEB liability - beginning	46,177,169	42,608,169	39,395,831	36,096,169	32,963,728
Total OPEB liability - ending (a)	$ 49,933,745	$ 46,177,169	$ 42,608,169	$ 39,395,831	$ 36,096,169
OPEB Fiduciary Net Position					
Benefit payments	$ (1,515,330)	$ (1,425,610)	$ (1,242,130)	$ (1,026,974)	$ (937,878)
Contribution from employer	1,864,000	4,757,000	12,231,193	4,196,184	3,961,391
Net investment income	(86,795)	3,956,341	2,668,391	(151,961)	(70,798)
Administrative expense	(187,391)	(87,017)	(62,824)	(57,409)	(52,142)
Net change in plan fiduciary net position	74,484	7,200,714	13,594,630	2,959,840	2,900,573
Plan fiduciary net position - beginning	52,699,194	45,498,480	31,903,850	28,944,010	26,043,437
Plan fiduciary net position - ending (b)	$ 52,773,678	$ 52,699,194	$ 45,498,480	$ 31,903,850	$ 28,944,010
Plan net OPEB liability / (asset) - ending (a) - (b)	$ (2,839,933)	$ (6,522,025)	$ (2,890,311)	$ 7,491,981	$ 7,152,159
Plan fiduciary net position as a percentage of the total OPEB liability / (asset)	105.69%	114.1%	106.80%	80.98%	80.19%
Covered-employee payroll	$ 40,927,707	$ 38,352,763	$ 36,884,523	$ 34,954,872	$ 28,784,959
Plan net OPEB liability / (asset) of as a percentage of covered-employee payroll	(6.94%)	(17.0%)	(7.84%)	21.43%	24.85%

* Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule of Changes in Net OPEB Liability / (Asset) and Related Ratios:

Changes of Assumptions: In 2021, discount rate changed from 4.5% to 3.75%, medical trend rate for Kaiser Senior Advantage was decreased, mortality improvement scale was updated to Scale MP-2020, and new claims costs and senior advantage age costs were removed. There were no changes in demographic assumptions, the discount rate, or the inflation rate in 2020. In 2019, the demographic assumptions were updated to the CalPERS 1997-2015 Experience Study. Discount rate was decreased from 4.5% in 2020 to 3.75% in 2021. The inflation rate increased from 2.5 percent in 2018 to 2.75 percent in 2019. There were no change in inflation rate in 2019-2021.

Metropolitan Transportation Commission
Schedule of Employer Contributions - OPEB (unaudited)
For the Fiscal Years Ended June 30
Last Ten Fiscal Years*

Schedule X

	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 3,177,000	$ 3,081,000	$ 2,988,000	$ 3,295,593	$ 3,152,650
Contributions in relation to the actuarially determined contribution	(3,505,195)	(1,864,000) [2]	(4,757,000)	(11,295,593)	(3,152,650)
Contribution deficiency (excess)	$ (328,195)	$ 1,217,000	$ (1,769,000) [1]	$ (8,000,000) [1]	$ -
Covered-employee payroll	$ 43,373,191	$ 40,927,707	$ 38,352,763	$ 36,884,523	$ 34,954,872

[1] Additional payment above the Actuarially Determined Contribution to paydown the Unfunded OPEB Liability.

[2] Net of $2.9 million reimbursement from the trust account.

Notes to Schedule:

Actuarially determined contribution rates are calculated as of June 30, 2020 two years prior to the end of fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal, Level percentage of pay
Amortization method	Level percentage of pay
Amortization period	18-year fixed period for 2021/22
Asset valuation method	Investment gains and losses spread over 5-year rolling period
Inflation	2.75%
Healthcare cost trend rates	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4% in 2076
	Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4% in 2076
Discount rate	3.75%
Mortality	CalPERS 1997-2015 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019

* Future years' information will be displayed up to 10 years as information becomes available.

OTHER SUPPLEMENTARY INFORMATION

Metropolitan Transportation Commission
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2022 Schedule 1

	Transit Reserves	Exchange	Total Non-Major Governmental Funds
ASSETS			
Cash - unrestricted	$ 49,027,368	$ 22,498,392	$ 71,525,760
Investments - unrestricted	10,325,072	-	10,325,072
Receivables			
Accounts receivables	42,990	-	42,990
Interest receivable	7,381	28,090	35,471
TOTAL ASSETS	$ 59,402,811	$ 22,526,482	$ 81,929,293
LIABILITIES			
Accounts payable and accrued expenditures	$ 73,307	$ 33,876	$ 107,183
Due to other funds	253,227	48,873	302,100
TOTAL LIABILITIES	326,534	82,749	409,283
DEFERRED INFLOWS OF RESOURCES			
Deferred revenues	32,701,351	-	32,701,351
TOTAL DEFERRED INFLOWS OF RESOURCES	32,701,351	-	32,701,351
FUND BALANCES			
Restricted for:			
Transportation projects	26,374,926	-	26,374,926
Committed to:			
Transportation projects	-	22,443,733	22,443,733
TOTAL FUND BALANCES	26,374,926	22,443,733	48,818,659
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 59,402,811	$ 22,526,482	$ 81,929,293

Metropolitan Transportation Commission
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds
For the Year Ended June 30, 2022

Schedule 2

	Transit Reserves	Exchange	Total Non-Major Governmental Funds
REVENUES			
State Grants	$ 3,411,000	$ -	$ 3,411,000
Local agencies revenues and refunds	4,542	-	4,542
Investment income - unrestricted	36,582	34,571	71,153
TOTAL REVENUES	3,452,124	34,571	3,486,695
Expenditures			
Current:			
General Government	-	67,750	67,750
Allocations to other agencies	155,526	-	155,526
TOTAL EXPENDITURES	155,526	67,750	223,276
EXCESS/(DEFICIENCY) OF REVENUES OVER/ (UNDER) EXPENDITURES	3,296,598	(33,179)	3,263,419
OTHER FINANCING SOURCES (USES)			
Transfers In	1,724,418	-	1,724,418
Transfers Out	(696,577)	(525,918)	(1,222,495)
TOTAL OTHER FINANCING SOURCES	1,027,841	(525,918)	501,923
NET CHANGE IN FUND BALANCES	4,324,439	(559,097)	3,765,342
Fund balances - beginning	22,050,487	23,002,830	45,053,317
Fund balances - ending	$ 26,374,926	$ 22,443,733	$ 48,818,659

Metropolitan Transportation Commission

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Transit Reserves Fund

For the Year Ended June 30, 2022 — Schedule 3

	Original Budget[1]	Final Budget[1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
State Grants	$ 3,408,427	$ 3,408,427	$ 3,411,000	$ 2,573
Local agencies revenues and refunds	-	-	4,542	4,542
Investment income - unrestricted	-	-	36,582	36,582
TOTAL REVENUES	3,408,427	3,408,427	3,452,124	43,697
EXPENDITURES				
Allocations to other agencies	4,858,427	31,357,265	155,526	31,201,739
TOTAL EXPENDITURES	4,858,427	31,357,265	155,526	31,201,739
REVENUES OVER (UNDER) EXPENDITURES	(1,450,000)	(27,948,838)	3,296,598	31,245,436
OTHER FINANCING SOURCES (USES)				
Transfers In	1,450,000	1,450,000	1,724,418	274,418
Transfers Out	-	-	(696,577)	(696,577)
TOTAL OTHER FINANCING SOURCES	1,450,000	1,450,000	1,027,841	(422,159)
NET CHANGE IN FUND BALANCES	-	(26,498,838)	4,324,439	30,823,277
Fund balances - beginning	22,050,487	22,050,487	22,050,487	-
Fund balances - ending	$ 22,050,487	$ (4,448,351)	$ 26,374,926	$ 30,823,277

[1] Budget prepared in accordance with GAAP.

Metropolitan Transportation Commission
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Exchange Fund
For the Year Ended June 30, 2022 Schedule 4

	Original Budget[1]	Final Budget[1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Local agencies revenues and refunds	$ -	$ 4,667,000	$ -	$ (4,667,000)
Investment income - unrestricted	-	-	34,571	34,571
TOTAL REVENUES	-	4,667,000	34,571	(4,632,429)
EXPENDITURES				
General Government	-	-	67,750	(67,751)
TOTAL EXPENDITURES	-	-	67,750	(67,751)
REVENUES OVER (UNDER) EXPENDITURES	-	4,667,000	(33,179)	(4,700,180)
OTHER FINANCING USES				
Transfers Out	-	-	(525,918)	(525,918)
TOTAL OTHER FINANCING USES	-	-	(525,918)	(525,918)
NET CHANGE IN FUND BALANCES	-	4,667,000	(559,097)	(5,226,098)
Fund balances - beginning	23,002,830	23,002,830	23,002,830	-
Fund balances - ending	$ 23,002,830	$ 27,669,830	$ 22,443,733	$ (5,226,098)

[1] Budget prepared in accordance with GAAP.

Metropolitan Transportation Commission
Schedule of Expenditures by Natural Classification
For the Year Ended June 30, 2022 Schedule 5

Expenditures by natural classification	
Salaries & benefits	$ 44,316,421
Travel	32,386
Professional fees	31,451,585
Overhead	4,046,331
Printing & reproduction	53,478
Other	178,732
Reported as general government expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund(1)	$ 80,078,933

Salaries & benefits - MTC General Fund	$ 44,316,421
Salaries & benefits - MTC Clipper®	3,050,256
Salaries & benefits - BATA	15,590,938
Salaries & benefits - SAFE	981,445
Salaries & benefits - BAHA	466,485
Salaries & benefits - BAIFA	2,424,376
Salaries & benefits - BAHFA	133,334
Total salaries & benefits	$ 66,963,255

Indirect Cost - MTC General Fund	$ 4,046,331
Indirect Cost - MTC Clipper®	1,454,972
Indirect Cost - SAFE	468,149
Indirect Cost - BATA	8,809
Indirect Cost - BAHA	222,736
Indirect Cost - BAIFA	1,156,427
Indirect Cost - BAHFA	63,600
Total Indirect Cost	$ 7,421,024

(1)General government expenditures - by Fund	
General Fund	$ 80,078,933
Total general government expenditures	$ 80,078,933

Metropolitan Transportation Commission
Schedule of Overhead, Salaries and Benefits Expenditures - Governmental Funds
For the Year Ended June 30, 2022 — Schedule 6

	Direct Costs*	Allowable Indirect Costs	Unallowable Costs	Total
Salaries	$ 27,883,705	$ 8,509,366	$ -	$ 36,393,071
Benefits	20,856,083	6,345,495	5,000,000	32,201,578
Total salaries and benefits	$ 48,739,788	$ 14,854,861	$ 5,000,000	$ 68,594,649
Reimbursable overhead:**				
Agency temps		$ 114,284	$ -	$ 114,284
Training		349,812	3,909	353,721
Personnel recruitment		124,463	-	124,463
Public hearing		945	-	945
Advertising		18,405	-	18,405
Communications		54,318	-	54,318
Utilities		550	-	550
Meeting room rental		891	1,095	1,986
Parking		7,453	-	7,453
Storage rental		26,289	-	26,289
Computer maintenance & repair		11,197	-	11,197
Auto expense		24,086	-	24,086
Office supplies		12,786	-	12,786
Printing & graphics supplies		10,722	-	10,722
Computer supplies		5,203	-	5,203
Computer software		1,156,956	-	1,156,956
Computer hardware		336,241	-	336,241
Postage & mailing		29,201	257	29,458
Memberships		34,153	55,980	90,133
Library acquisitions & subscriptions		60,295	-	60,295
Law library		27,639	-	27,639
Hosted services		1,796,777	-	1,796,777
Advisory member stipend		51,200	72,800	124,000
Audit fees		462,994	-	462,994
Newswire service		16,254	-	16,254
Insurance		334,634	-	334,634
Other		22,339	108,711	131,050
Miscellaneous		-	12,394	12,394
Travel		6,188	82,835	89,023
Professional fees		1,227,614	844	1,228,458
Building maintenance		758,310	-	758,310
Subtotal indirect costs		7,082,199	338,825	7,421,024
Carry forward provision for fiscal year ended June 30, 2020		(135,171)	-	(135,171)
Depreciation expense		121,265	2,875	124,140
Total indirect costs including depreciation expense		$ 7,068,293	$ 341,700	$ 7,409,993
Indirect costs recovered***		$ 23,248,878		
Indirect (over)/under absorbed		$ (1,325,724)		

*Direct costs include MTC, BATA, SAFE, BAHA, BAIFA, and BAHFA salaries and benefits per Indirect Cost Plan for fiscal year 2022.

** Overhead distributed to MTC, BATA, SAFE, BAHA, BAIFA, and BAHFA per Indirect Cost Plan for fiscal year 2022.

*** Indirect costs recovered at 47.70% per Indirect Cost Plan for fiscal year 2022.

Metropolitan Transportation Commission
Schedule of Expenditures - Federal Highway Administration Grant
FY2022 OWPMTC
For the Year Ended June 30, 2022 — Schedule 7

		Total
Authorized Expenditures		
Federal		$ 9,615,716
Total authorized expenditures		9,615,716
Actual Expenditures *		
Program No.	*Program Name*	
MTC		
1112	Implement Public Information Program and Tribal Government Coordination	1,983,345
1113	Support Partnership Board	418,123
1121	Regional Transportation Plan	819,061
1122	Analyze Regional Data using GIS and Planning Models	2,508,697
1125	Active Transportation Planning	153,506
1127	Regional Trails	400,000
1212	Performance Measurement and Monitoring	72,670
1233	Transportation Asset Management	500,000
1511	Conduct Financial Analysis and Planning	540,022
1512	Federal Programming, Monitoring and TIP Management	1,181,493
Total Expenditures		8,576,917
Balance of Federal Highway Administration Grant		$ 1,038,799

*Toll credit match rate (11.47%)

Metropolitan Transportation Commission
Toll Bridge Rate Schedule
For the Year Ended June 30, 2022 Schedule 8

Toll Rate for fiscal Year Ending June 30, 2022:

Number of Axles Per Vehicle	2021		2022	
2 axles	$ 6.00	*	$ 7.00	**
3 axles	16.00		17.00	
4 axles	21.00		22.00	
5 axles	26.00		27.00	
6 axles	31.00		32.00	
7 axles or more	36.00		37.00	

* During peak hours on all bridges, a reduced-rate toll of $3.00 is collected on high-occupancy and inherently-low-emission two-axle vehicles. Congestion pricing on the San Francisco-Oakland Bay Bridge was suspended indefinitely during the COVID-19 pandemic starting from April 23, 2020.

**A reduced-rate toll of $3.50 is collected on high-occupancy and inherently-low-emission two-axle vehicles.

Metropolitan Transportation Commission
Schedule of BATA Debt Service Coverage Ratios
For the Year Ended June 30, 2022 — Schedule 9

	2022
Revenues	
Toll revenues collected	$ 756,197,028
Investment income	(40,035,505)
Other operating revenues	19,936,529
Revenues subtotal	736,098,052
Build America Bonds (BABs) interest subsidy	71,326,571
Derivative investment income (charge)	263,116,667
Total revenues	1,070,541,290
Operating expenses	
Violation Penalty Refund	26,741,329
Operating expenses incurred by Caltrans	2,701,257
Services and charges - BATA	121,732,715
Transbay Terminal JPA operations	5,572,468
Total operating expenses before depreciation and amortization	156,747,769
Depreciation and amortization	2,137,211
Total operating expenses	158,884,980
Net operating income	911,656,310
Nonoperating expenses (revenues)	
Interest expense	434,113,841
Financing fees and bond issuance costs	15,502,709
Other nonoperating expenses	6,038,810
Caltrans/other agency operating grants and reimbursements	(11,847,655)
Other nonoperating revenues	(5,659,709)
Return of contribution from BAHA	(1,080,623)
Total nonoperating expenses	437,067,373
Income before transfers	474,588,937
Transfers	
MTC / CLIPPER administrative & transfers	18,232,114
MTC transit transfers:	
AB 664 expenses	7,315,461
90% rail expenses	5,939,733
2% transit expenses	1,724,418
Allocations to other agencies (RM2)	40,768,961
Total transfers	73,980,687
Net income before capital project expenses	400,608,250
Capital project expenses	
Capital expenses	17,434,046
Distribution to Caltrans for their capital purposes	85,229,126
Distributions to other agencies for their capital purposes	54,900,429
Distributions to MTC/ Clipper	7,588,397
Capital contribution to BAIFA	95,000,000
Total capital project expenses	260,151,998
Change in net position	140,456,252
Total net position - beginning	(7,023,025,558)
Total net position - ending	$ (6,882,569,306)

Metropolitan Transportation Commission
Schedule of BATA Debt Service Coverage Ratios* *continued*
For the Year Ended June 30, 2022 — Schedule 9

		2022
Fixed Charge		
Net revenue[1]	$	783,279,672
Debt service[4,9], plus operating transfer and costs[3,6]		474,265,897
Sum sufficient ratio		1.65
Minimum threshold		1.00
Fixed Charge, plus Operations & Maintenance		
Net revenue[1], plus operations & maintenance reserve	$	957,279,672
Senior debt service[2], plus operating transfer[3]		305,248,358
Sum sufficient, plus operations & maintenance reserve ratio		3.14
Minimum threshold		1.25
Net Revenue / Senior Debt Service		
Net revenue[1]	$	783,279,672
Senior debt service[2]		240,674,813
Debt service ratio		3.25
Minimum threshold		1.20
Available Revenue / Debt Service		
Available revenue[5]	$	673,394,611
Debt service[4,9]		400,928,726
Debt service ratio		1.68
Minimum threshold		1.20
Reserve Designations[7]		
Extraordinary loss reserve - Caltrans Cooperative Agreement	$	50,000,000
Operations & maintenance reserve[8]		174,000,000
Rehabilitation reserve		276,000,000
Project/self insurance reserve & variable rate risk reserve		560,000,000

* This schedule provides actual operating results for informational purposes only and is not provided to satisfy any covenants requirements. The Toll Covenant calculation required under the Senior and Subordinate Indentures has been filed with the Senior and Subordinate trustees.

1 Revenues less Caltrans operating expenses.

2 Senior debt service expense less BABs interest subsidy on senior bonds plus principal retirement of $39,905,000.

3 Operating transfer and costs include RM 2 operating costs less amortization of Transit Transfer to MTC (Transit Transfer obligation for the next 39 years was fulfilled in early September 2010).

4 Total Senior and Subordinate debt service expense less BABs interest subsidy plus principal retirement of $39,905,000.

5 Revenues less Caltrans and BATA operating expenses.

6 Debt related obligations and Maintenance A.

7 Designated reserves through BATA resolution.

8 Minimum required operations & maintenance reserve is $14 million but is currently maintained at $174 million.

9 Excludes one-time prepayment of certain FY 22/23 principal payments and related interest and expenses using BATA operating reserve funds. Total Subordinate principal and related interest and expenses is $38,563,546.

Metropolitan Transportation Commission

Schedule of Operating Revenues and Expenses - BATA Proprietary Fund - By Bridge

For the Year Ended June 30, 2022 — Schedule 10

	Carquinez Bridge	Benicia - Martinez Bridge	Antioch Bridge	Richmond - San Rafael Bridge	San Francisco - Oakland Bay Bridge	San Mateo - Hayward Bridge	Dumbarton Bridge	Total
Operating revenues								
Toll revenues collected	$ 130,358,179	$ 122,076,544	$ 20,893,162	$ 84,478,485	$ 249,939,763	$ 95,399,517	$ 53,051,378	$ 756,197,028
Other operating revenues	3,920,766	5,055,194	1,223,667	1,839,027	5,366,287	1,654,377	877,211	19,936,529
Total operating revenues	134,278,945	127,131,738	22,116,829	86,317,512	255,306,050	97,053,894	53,928,589	776,133,557
Operating expenses								
Operating expenditures-by Caltrans & Transbay JPA	477,774	325,362	106,418	334,022	6,506,247	350,753	173,149	8,273,725
Services and charges	24,077,255	22,795,706	3,965,719	15,477,399	45,778,353	17,402,515	9,669,814	139,166,761
Allocations to other agencies	7,053,442	6,678,012	1,161,759	4,534,110	13,410,788	5,098,074	2,832,776	40,768,961
Depreciation	369,759	350,078	60,902	237,690	703,027	267,254	148,501	2,137,211
Total operating expenses	31,978,230	30,149,158	5,294,798	20,583,221	66,398,415	23,118,596	12,824,240	190,346,658
Operating income	$ 102,300,715	$ 96,982,580	$ 16,822,031	$ 65,734,291	$ 188,907,635	$ 73,935,298	$ 41,104,349	$ 585,786,899

Metropolitan Transportation Commission

Schedule of Interest Rate Swaps Summary-BATA Proprietary Fund

For the Year Ended June 30, 2022 — Schedule 11

Counterparty	Series 2001	Series 2006	Series 2007	Total	Percentage by counterparty	Ratings (S&P/Moodys)
Citibank, N.A., New York	$ -	$ 115,000,000	$ 260,000,000	$ 375,000,000	26%	A+/Aa3
Wells Fargo Bank, N.A.	75,000,000	110,000,000	-	185,000,000	13%	A+/Aa2
JP Morgan Chase Bank, N.A.	-	245,000,000	-	245,000,000	17%	A+/Aa2
Bank of America, N.A.	-	155,000,000	50,000,000	205,000,000	14%	A+/Aa2
Goldman Sachs Mitsui Marine Derivative Products LP	-	60,000,000	85,000,000	145,000,000	10%	AA-/Aa2
The Bank of New York Mellon	-	-	210,000,000	210,000,000	15%	AA-/Aa2
Morgan Stanley Capital Services LLC	75,000,000	-	-	75,000,000	5%	A-/A1
Total swap notional	$ 150,000,000	$ 685,000,000	$ 605,000,000	$ 1,440,000,000		
Fair value	$ (24,852,032)	$ (125,059,584)	$ (111,678,040)	$ (261,589,656)		

Metropolitan Transportation Commission
Schedule of Interest Rate Swaps for Series 2001 - BATA Proprietary Fund
For the Year Ended June 30, 2022

Schedule 12

	Series 2001 A	Series 2001 A	Total
Notional amount	$75,000,000	$75,000,000	$150,000,000
Trade date	1/22/2014	6/26/2015	
Effective date	1/1/2014	7/1/2015	
Swap mode	65% One Mth LIBOR	65% One Mth LIBOR	
Maturity	4/1/2036	4/1/2036	
Swap rate	4.09%	3.29%	
Counterparty (CP)	Morgan Stanley Capital Services LLC	Wells Fargo Bank, N.A.	
S&P/Moody's ratings	A-/A1	A+/Aa2	
Ratings outlook	Stable/Stable	Stable/Stable	
Fair value due from/ (to) CP[1]	$(15,188,941)	$(9,663,091)	$(24,852,032)
Credit risk			
CP Collateral Posting[2]			
1a) CP = "A-", "A", or "A+" (S&P)	Yes	Yes	
or			
1b) CP = "A3", "A2", or "A1" (Moody's)	Yes	No	
and			
2) Termination value >$10 million	No	No	
or			
CP Collateral Posting[2]			
1c) CP < A- (S&P)	No	No	
or			
1d) CP < A3 (Moody's)	No	No	
and			
2) Termination value > $0	No	No	
Ratings termination risk[3]			
CP can terminate if BATA's Sr bond ratings (S&P or Moody's) is below	BBB-/Baa3	BBB+/Baa1	

(1) Fair value is presented in accordance with GASB Statement No. 72.

(2) Unilateral collateral posting by counterparty.

(3) Unilateral termination at BATA's discretion unless ratings fall below the levels as listed in the table above.

Metropolitan Transportation Commission
Schedule of Interest Rate Swaps for Series 2006 - BATA Proprietary Fund
For the Year Ended June 30, 2022 Schedule 13

	Series 2006	Series 2006	Series 2006	Series 2006	Series 2006	Series2006	Total
Notional amount	$245,000,000	$115,000,000	$30,000,000	$110,000,000	$60,000,000	$125,000,000	$685,000,000
Trade date	4/1/2011	3/20/2012	5/25/2006	3/20/2012	8/28/2008	6/26/2015	
Effective date	4/1/2011	2/8/2006	2/8/2006	3/1/2012	8/1/2008	7/1/2015	
Swap mode	75.105% One Mth LIBOR	53.8% One Mth LIBOR+0.74%	68% One Mth LIBOR	53.8% One Mth LIBOR+0.74%	68% One Mth LIBOR	68% One Mth LIBOR	
Maturity	4/1/2045	4/1/2045	4/1/2045	4/1/2045	4/1/2045	4/1/2045	
Swap rate	4.00%	3.64%	3.63%	3.64%	3.64%	2.96%	
Counterparty (CP)	JP Morgan Chase Bank, N.A.	Citibank, N.A., New York	Bank of America, N.A.	Wells Fargo Bank, N.A.	Goldman Sachs Mitsui Marine Derivative Products LP	Bank of America, N.A.	
S&P/Moody's ratings	A+/Aa2	A+/Aa3	A+/Aa2	A+/Aa2	AA-/Aa2	A+/Aa2	
Ratings outlook	Positive/Stable	Stable/Stable	Positive/Positive	Stable/Stable	Stable/No outlook provided	Positive/Positive	
Fair value due from/ (to) CP[1]	$(54,871,687)	$(18,754,365)	$(6,124,918)	$(17,939,072)	$(12,317,038)	$(15,052,504)	$(125,059,584)
Credit risk							
CP Collateral Posting[2]							
1a) CP = "A-", "A", or "A+" (S&P)	Yes	Yes	Yes	Yes	No	Yes	
or							
1b) CP = "A3", "A2", or "A1" (Moody's)	No	No	No	No	No	No	
and							
2) Termination value>$10 million	No	No	No	No	No	No	
or							
CP Collateral Posting[2]							
1c) CP < A- (S&P)	No	No	No	No	No	No	
or							
1d) CP < A3 (Moody's)	No	No	No	No	No	No	
and							
2) Termination value >$0	No	No	No	No	No	No	
Ratings termination risk [3]							
CP can terminate if BATA's Sr bond ratings (S&P or Moody's) is below	BBB-/Baa3	BBB-/Baa3	BBB/Baa2(Insured)	BBB+/Baa1	BBB+/Baa1	BBB+/Baa1	

[1] Fair value is presented in accordance with GASB Statement No. 72.
[2] Unilateral collateral posting by counterparty.
[3] Unilateral termination at BATA's discretion unless ratings fall below the levels as listed in the table above.

Metropolitan Transportation Commission

Schedule of Interest Rate Swaps for Series 2007 - BATA Proprietary Fund

For the Year Ended June 30, 2022 — Schedule 14

	Series 2007	Series 2007	Series 2007	Series 2007	Series 2007	Total
Notional amount	$260,000,000	$50,000,000	$85,000,000	$170,000,000	$40,000,000	$605,000,000
Trade date	1/2/2009	5/25/2006	8/28/2008	9/2/2008	6/26/2015	
Effective date	11/1/2007	11/1/2007	8/1/2008	9/2/2008	7/1/2015	
Swap mode	53.8% One Mth LIBOR + 0.74%	68% One Mth LIBOR	68% One Mth LIBOR	68% One Mth LIBOR	68% One Mth LIBOR	
Maturity	4/1/2047	4/1/2047	4/1/2047	4/1/2047	4/1/2047	
Swap rate	3.64%	3.63%	3.64%	3.64%	2.22%	
Counterparty (CP)	Citibank, N.A., New York	Bank of America, N.A.	Goldman Sachs Mitsui Marine Derivative Products LP	The Bank of New York Mellon	The Bank of New York Mellon	
S&P/Moody's ratings	A+/Aa3	A+/Aa2	AA-/Aa2	AA-/Aa2	AA-/Aa2	
Ratings outlook	Stable/Stable	Positive/Positive	Stable/No outlook provided	Stable/Stable	Stable/Stable	
Fair value due from/(to) CP[1]	$(44,664,506)	$(10,717,836)	$(18,337,025)	$(36,673,560)	$(1,285,113)	$ (111,678,040)
Credit risk						
CP Collateral Posting[2]						
1a) CP = "A-", "A", or "A+" (S&P)	Yes	Yes	No	No	No	
or						
1b) CP = "A3", "A2", or "A1" (Moody's)	No	No	No	No	No	
and						
2) Termination value > $10 million	No	No	No	No	No	
or						
CP Collateral Posting [2]						
1c) CP <A- (S&P)	No	No	No	No	No	
or						
1d) CP <A3 (Moody's)	No	No	No	No	No	
and						
2) Termination value >$0	No	No	No	No	No	
Ratings termination risk[3]						
CP can terminate if BATA's Sr bond ratings (S&P or Moody's) is below	BBB-/Baa3	BBB/Baa2 (Insured)	BBB+/Baa1	BBB+/Baa1	BBB+/Baa1	

(1) Fair value is presented in accordance with GASB Statement No. 72.

(2) Unilateral collateral posting by counterparty.

(3) Unilateral termination at BATA's discretion unless ratings fall below the levels as listed in the table above.

STATISTICAL SECTION

This part of MTC's comprehensive annual financial report presents detailed information to aid in understanding information contained in the financial statements, note disclosures, and required supplementary information. Some tables are not presented with ten years of data as the information was not available for these periods.

Contents **Page**

Metropolitan Transportation Commission
Net Position by Component ($000) (unaudited)
By Fiscal Year

Table 1

	FISCAL YEAR 2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	$ 6,134	$ 5,737	$ 5,080	$ 5,072	$ 364	$ 358	$ 279	$ 194	$ 270	$ 302
Restricted	376,343	372,455	392,812	471,623	489,425	528,724	495,071	524,026	487,347	513,053
Unrestricted	23,983	28,005	33,891	(24,215)	(72,160)	(70,871)	(36,410)	(26,213)	(36,728)	(30,752)
Total governmental activities net position	$ 406,460	$ 406,197	$ 431,783	$ 452,480	$ 417,629	$ 458,211	$ 458,940	$ 498,007	$ 450,889	$ 482,603
Business-type activities										
Net investment in capital assets	$ 23,112	$ 27,033	$ 28,516	$ 56,525	$ 78,054	$ 89,436	$ 114,328	$ 3,138	$ 1,771	$ 202,589
Restricted	200,000	200,000	200,000	203,559	200,266	201,343	229,454	233,864	232,702	301,256
Unrestricted	(5,585,985)	(6,076,858)	(6,601,447)	(6,891,081)	(6,888,421)	(6,969,616)	(7,159,612)	(7,507,815)	(7,218,267)	(6,994,637)
Total business-type activities net position	$ (5,362,873)	$ (5,849,825)	$ (6,372,931)	$ (6,630,997)	$ (6,610,101)	$ (6,678,837)	$ (6,815,830)	$ (7,270,813)	$ (6,983,794)	$ (6,490,792)
Total primary government										
Net investment in capital assets	$ 29,246	$ 32,770	$ 33,596	$ 61,597	$ 78,418	$ 89,794	$ 114,607	$ 3,332	$ 2,041	$ 202,891
Restricted	576,343	572,455	592,812	675,182	689,691	730,067	724,525	757,890	720,049	814,309
Unrestricted	(5,562,002)	(6,048,853)	(6,567,556)	(6,915,296)	(6,960,581)	(7,040,487)	(7,196,022)	(7,534,028)	(7,254,995)	(7,025,389)
Total primary government net position	$ (4,956,413)	$ (5,443,628)	$ (5,941,148)	$ (6,178,517)	$ (6,192,472)	$ (6,220,626)	$ (6,356,890)	$ (6,772,806)	$ (6,532,905)	$ (6,008,189)

Metropolitan Transportation Commission
Changes in Net Position ($000) (unaudited)
By Fiscal Year

Table 2

	FISCAL YEAR									
	2013	2014	2015	2016	2017	2018	2019*	2020	2021	2022
Expenses										
Governmental activities:										
General government	$ 69,123	$ 78,763	$ 81,168	$ 77,038	$ 103,883	$ 87,487	$ 104,246	$ 105,558	$ 100,422	$ 89,826
Transportation	210,916	237,098	195,039	156,045	204,294	192,139	307,829	267,272	110,298	88,119
Housing	-	-	-	-	-	-	-	-	-	231
Total governmental activities expenses	280,039	315,861	276,207	233,083	308,177	279,626	412,075	372,830	210,720	178,176
Business-type activities:										
Clipper smart card	38,319	37,393	37,264	44,090	45,094	44,885	48,754	57,879	52,385	39,539
Toll bridge activities	1,189,447	1,586,156	1,008,115	935,544	980,645	988,187	886,760	769,091	747,116	786,132
Express lane activities	-	-	-	-	-	-	-	-	-	65,538
Congestion relief	17,763	12,742	11,697	10,419	11,463	10,696	13,100	17,616	16,989	20,076
Total business-type activities expenses	1,245,529	1,636,291	1,057,076	990,053	1,037,202	1,043,768	948,614	844,586	816,490	911,285
Total primary government expenses	$ 1,525,568	$ 1,952,152	$1,333,283	$1,223,136	$ 1,345,379	$ 1,323,394	$ 1,360,689	$ 1,217,416	$1,027,210	$ 1,089,461
Program Revenues										
Governmental activities:										
Operating grants and contributions	$ 250,529	$ 301,254	$ 303,823	$ 233,919	$ 247,211	$ 303,748	$ 357,187	$ 360,604	$ 143,181	$ 176,445
Business-type activities:										
Charges for services	690,181	713,147	740,510	760,872	772,292	785,383	779,402	688,688	877,183	854,456
Operating grants and contributions	272,281	393,471	95,622	102,705	88,931	90,664	107,751	107,653	115,784	113,516
Capital grants and contributions	-	81,209	-	3,559	9,220	11,294	3,658	7,328	11,122	23,443
Total business-type activities program revenues	962,462	1,187,827	836,132	867,136	870,443	887,341	890,811	803,669	1,004,089	991,415
Total primary government program revenues	$ 1,212,991	$ 1,489,081	$ 1,139,955	$1,101,055	$ 1,117,654	$ 1,191,089	$ 1,247,998	$ 1,164,273	$1,147,270	$ 1,167,860
Net (expense)/revenue										
Governmental activities	$ (29,510)	$ (14,607)	$ 27,616	$ 836	$ (60,966)	$ 24,122	$ (54,888)	$ (12,226)	$ (67,539)	$ (1,731)
Business-type activities	(283,067)	(448,464)	(220,944)	(122,917)	(166,759)	(156,427)	(57,803)	(40,917)	187,599	80,130
Total primary government net expense	$ (312,577)	$ (463,071)	$ (193,328)	$ (122,081)	$ (227,725)	$ (132,305)	$ (112,691)	$ (53,143)	$ 120,060	$ 78,399

* Starting fiscal year 2019 sales tax is presented in the General Revenues in accordance with GASB Statement No. 34 and No. 52.

Metropolitan Transportation Commission
Changes in Net Position ($000) (unaudited), *continued*
By Fiscal Year

Table 2

	FISCAL YEAR									
	2013	2014	2015	2016	2017	2018	2019*	2020	2021	2022
General Revenues and Other Changes in Net Position										
Governmental activities:										
Sale tax	$ -	$ -	$ -	$ -	$ -	$ -	$ 14,781	$ 14,076	$ 14,118	$ 16,821
Unrestricted investment earnings	2,132	1,935	2,013	2,877	4,257	9,427	18,908	13,298	2,679	(1,316)
Gain on sale of capital assets	-	-	-	-	6,628	-	-	-	-	-
Transfers	23,645	12,409	15,336	16,984	15,231	17,142	21,928	23,918	25,076	17,940
Total governmental activities	25,777	14,344	17,349	19,861	26,116	26,569	55,617	51,292	41,873	33,445
Business-type activities:										
Unrestricted investment earnings	53,714	(1,256)	(277,337)	(175,359)	171,808	105,878	(64,077)	(161,817)	123,495	223,440
Contributed capital	-	-	-	-	29,700	-	6,815	2,000	1,000	1,081
Special / Extraordinary items	-	-	-	-	1,378	-	-	(230,329)	-	(26,741)
Transfers	(23,645)	(12,409)	(15,336)	(16,984)	(15,231)	(17,142)	(21,928)	(23,918)	(25,076)	(17,940)
Total business-type activities	30,069	(13,665)	(292,673)	(192,343)	187,655	88,736	(79,190)	(414,064)	99,419	179,840
Total primary government	$ 55,846	$ 679	$ (275,324)	$ (172,482)	$ 213,771	$ 115,305	$ (23,573)	$ (362,772)	$ 141,292	$ 213,285
Change in Net Position										
Governmental activities	$ (3,733)	$ (263)	$ 44,965	$ 20,697	$ (34,850)	$ 50,691	$ 729	$ 39,066	$ (25,666)	$ 31,714
Business-type activities	(252,998)	(462,129)	(513,617)	(315,260)	20,896	(67,691)	(136,993)	(454,981)	287,018	259,970
Total primary government	$ (256,731)	$ (462,392)	$ (468,652)	$ (294,563)	$ (13,954)	$ (17,000)	$ (136,264)	$ (415,915)	$ 261,352	$ 291,684

* Starting fiscal year 2019 sales tax is presented in the General Revenues in accordance with GASB Statement No. 34 and No. 52.

Metropolitan Transportation Commission
Fund Balances of Governmental Funds ($000) (unaudited)
By Fiscal Year

Table 3

	FISCAL YEAR									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund										
Nonspendable	$ 1,033	$ 1,209	$ 1,328	$ 1,305	$ 823	$ 822	$ 1,426	$ 673	$ 980	$ 1,027
Restricted for	1,254	528	512	158	49	27	-	3,497	2,900	2,900
Committed to	1,961	2,688	3,132	6,014	4,002	3,956	5,677	14,569	9,435	8,217
Unassigned	26,641	29,750	31,705	32,893	36,791	41,608	38,926	32,192	44,274	52,744
Total general fund	$ 30,889	$ 34,175	$ 36,677	$ 40,370	$ 41,665	$ 46,413	$ 46,029	$ 50,931	$ 57,589	$ 64,888
All other governmental funds										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ 2	$ -	$ -	$ -	$ -
Restricted for	349,615	339,144	384,916	432,015	449,183	492,175	495,071	520,529	484,446	510,171
Committed to	15,096	21,501	28,024	28,985	30,216	34,051	31,788	25,744	23,003	22,444
Unassigned	-	-	(10,445)	(40,998)	(92,221)	(94,371)	(99,797)	(88,760)	(103,199)	(112,754)
Total all other governmental funds	$ 364,711	$ 360,645	$ 402,495	$ 420,002	$ 387,178	$ 431,857	$ 427,062	$ 457,513	$ 404,250	$ 419,861

Metropolitan Transportation Commission
Changes in Fund Balances of Governmental Funds ($000) (unaudited)
By Fiscal Year

Table 4

	FISCAL YEAR									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Sales taxes	$ 11,162	$ 11,735	$ 12,374	$ 12,812	$ 13,089	$ 13,650	$ 14,781	$ 14,076	$ 14,118	$ 16,821
Grants - Federal	45,795	52,831	56,491	48,950	65,220	54,365	49,227	53,899	56,689	53,470
Grants - State	160,060	151,916	148,032	115,262	105,027	222,417	290,237	294,383	75,384	110,814
Local agencies revenues and refunds	41,148	88,712	86,553	57,917	63,532	13,247	18,015	13,415	13,062	13,351
Investment income - unrestricted	2,132	1,935	2,013	2,878	4,257	9,427	18,908	13,298	2,679	(1,316)
Total revenues	260,297	307,129	305,463	237,819	251,125	313,106	391,168	389,071	161,932	193,140
Expenditures										
General government	65,175	70,387	68,463	63,439	68,456	64,713	94,692	85,566	82,914	80,389
Allocation to other agencies	221,642	249,434	207,804	169,527	228,987	215,949	323,535	292,058	128,931	107,769
Capital outlay	372	496	180	639	165	159	48	12	317	11
Contribution to Bay Area Headquarters Authority	-	-	-	-	11,423	-	-	-	-	-
Total expenditures	287,189	320,317	276,447	233,605	309,031	280,821	418,275	377,636	212,162	188,169
Excess of revenues over (under) expenditures	(26,892)	(13,188)	29,016	4,214	(57,906)	32,285	(27,107)	11,435	(50,230)	4,971
Other financing sources (uses)										
Transfer in	30,666	31,249	33,190	32,082	29,597	31,737	39,207	46,413	34,889	53,844
Transfer out	(7,021)	(18,841)	(17,854)	(15,098)	(14,366)	(14,595)	(17,279)	(22,494)	(9,813)	(35,904)
Sale of capital assets	-	-	-	-	11,147	-	-	-	-	-
Total other financing sources (uses)	23,645	12,408	15,336	16,984	26,378	17,142	21,928	23,919	25,076	17,940
Net change in fund balances	$ (3,247)	$ (780)	$ 44,352	$ 21,198	$ (31,528)	$ 49,427	$ (5,179)	$ 35,354	$ (25,154)	$ 22,911

Metropolitan Transportation Commission
Primary Government Revenues (unaudited)
By Fiscal Year

Table 5

	PROGRAM REVENUES			GENERAL REVENUES				
Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Sale Tax	Unrestricted Investment Earnings/Charges	Return of Contribution from BAHA & BAIFA	Special Item	Total
2013 [1]	$ 690,180,714	$ 522,809,673	$ -	$ -	$ 55,846,137	$ -	$ -	$ 1,268,836,524
2014 [2]	713,146,710	694,725,536	81,209,050	-	678,986	-	-	1,489,760,282
2015 [3]	740,510,656	399,445,120	-	-	(275,323,755)	-	-	864,632,021
2016	760,871,690	336,623,906	3,559,290	-	(172,481,342)	-	-	928,573,544
2017	772,292,468	336,142,333	9,219,623	-	176,065,210	29,700,000	-	1,323,419,634
2018	785,383,349	394,411,700	11,294,137	-	115,304,370	-	-	1,306,393,556
2019 *	779,402,140	464,937,885	3,658,253	14,780,747	(45,169,118)	6,815,000	-	1,224,424,907
2020	688,687,936	468,256,919	7,328,320	14,076,093	(148,519,574)	2,000,000	(230,329,148)	1,031,829,694
2021	877,182,561	258,965,338	11,122,129	14,117,813	126,174,425	1,000,000	-	1,288,562,266
2022	854,455,592	289,961,155	23,443,205	16,821,183	222,124,243	1,080,623	(26,741,329)	1,381,144,672

[1] Excludes $908 million bond proceeds
[2] Excludes $900 million bond proceeds
[3] Excludes $2.213 billion bond proceeds
* Starting fiscal year 2019 sales tax is presented in General Revenues in accordance with GASB Statement No. 34 and No. 52.

Metropolitan Transportation Commission
Primary Government Expenses by Function (unaudited)
By Fiscal Year
Table 6

Fiscal Year	General Government	Transportation	Housing	Toll Bridge Activities	Express Lanes	Congestion Relief	Clipper ®	Total
2013	$ 69,122,603	$ 210,915,679	$ -	$ 1,189,447,185	$ -	$ 17,762,774	$ 38,319,247	$ 1,525,567,488
2014	78,763,519	237,097,812	-	1,586,156,184	-	12,742,160	37,392,814	1,952,152,489
2015	81,168,440	195,038,682	-	1,008,115,070	-	11,696,862	37,264,816	1,333,283,870
2016	77,038,765	156,045,404	-	935,543,616	-	10,418,605	44,090,317	1,223,136,707
2017	103,883,046	204,294,737	-	980,644,892	-	11,463,126	45,093,517	1,345,379,318
2018	87,487,224	192,138,705	-	988,187,231	4,103,657	10,696,201	44,884,890	1,327,497,908
2019	104,246,259	307,828,471	-	886,759,624	7,341,837	13,100,396	48,754,311	1,368,030,898
2020	105,558,075	267,271,776	-	769,090,836	28,177,379	17,616,049	57,879,237	1,245,593,352
2021	100,422,369	110,297,886	-	747,115,923	76,906,314	16,989,479	52,384,899	1,104,116,870
2022	89,826,261	88,118,693	230,640	786,131,573	65,538,144	20,076,445	39,539,063	1,089,460,819

Metropolitan Transportation Commission
Toll Revenues - By Bridge (unaudited)
By Fiscal Year

Table 7

Fiscal Year		San Francisco-Oakland Bay	San Mateo-Hayward Bridge	Dumbarton Bridge	Carquinez Bridge	Benicia-Martinez Bridge	Antioch Bridge	Richmond-San Rafael Bridge	Revenue
2013		$ 221,544,298	$ 85,968,027	$ 50,626,212	$ 112,580,359	$ 101,036,856	$ 12,449,046	$ 68,770,541	$ 652,975,339
2014		222,048,270	91,087,608	54,087,642	113,605,892	105,084,694	13,033,474	72,559,357	671,506,937
2015		228,421,032	93,335,417	57,162,481	117,429,187	109,471,720	13,611,031	75,523,984	694,954,852
2016		229,130,964	98,997,393	58,501,070	121,273,702	114,971,355	13,874,932	77,382,940	714,132,356
2017		227,403,833	100,495,035	59,316,788	123,022,647	116,977,648	15,425,397	78,142,955	720,784,303
2018		225,681,648	102,082,870	60,097,355	125,656,833	117,765,960	16,926,707	79,139,058	727,350,431
2019		223,035,517	101,867,795	60,575,355	125,716,697	117,814,910	17,879,738	78,024,008	724,914,020
2020		197,549,108	85,976,170	49,979,480	112,430,483	102,676,385	16,157,895	69,162,685	633,932,206
2021	*	274,514,747	102,872,225	56,397,266	146,766,410	135,700,939	22,283,694	91,869,474	830,404,755
2022		249,939,763	95,399,517	53,051,378	130,358,179	122,076,544	20,893,162	84,478,485	756,197,028

* Included Regional Measure 3 (RM3) revenue collected for the period from January 2019 to June 2021.

Metropolitan Transportation Commission

Paid and Free Vehicles - By Bridge (in Number of Vehicles) (unaudited)

By Fiscal Year **Table 8**

Fiscal Year	San Francisco-Oakland Bay Bridge	San Mateo-Hayward Bridge	Dumbarton Bridge	Carquinez Bridge	Benicia-Martinez Bridge	Antioch Bridge	Richmond-San Rafael Bridge	Total Traffic
2013	45,071,936	16,692,221	10,205,793	20,176,369	18,531,052	2,128,525	12,785,217	125,591,113
2014	45,332,246	17,758,098	10,909,076	20,397,621	19,237,717	2,193,962	13,561,516	129,390,236
2015	46,994,056	18,240,477	11,591,256	21,123,039	20,055,430	2,347,039	14,201,661	134,552,958
2016	47,754,079	19,502,252	11,889,024	22,002,165	21,210,960	2,411,138	14,606,825	139,376,443
2017	47,996,192	19,918,887	12,046,423	22,457,814	21,784,617	2,735,244	14,849,279	141,788,456
2018	48,219,514	20,270,536	12,193,573	23,060,921	22,066,372	3,024,272	15,019,243	143,854,431
2019	47,774,136	20,244,619	12,319,014	22,988,908	21,927,095	3,213,313	14,832,118	143,299,203
2020	41,806,818	16,926,831	10,133,024	20,450,173	18,965,889	2,972,388	12,972,413	124,227,536
2021	39,324,095	13,434,159	7,463,706	19,906,990	17,753,585	3,020,672	11,994,599	112,897,806
2022	42,501,474	15,533,072	8,902,963	20,694,987	18,814,256	3,177,785	13,037,699	122,662,236

Metropolitan Transportation Commission
Average Toll Rate Revenues ($000) - By Bridge (unaudited)
By Fiscal Year — Table 9

Fiscal Year	Antioch Bridge	Benicia-Martinez Bridge	Carquinez Bridge	Richmond Bridge	San Mateo - Hayward Bridge	Dumbarton Bridge	San Francisco - Oakland Bay Bridge
2013							
No. of paid vehicles ('000s)	2,078	18,101	19,685	12,558	16,426	10,010	43,872
Average toll rate	$ 5.99	$ 5.58	$ 5.72	$ 5.48	$ 5.23	$ 5.06	$ 5.05
Total revenues	$ 12,449	$ 101,037	$ 112,580	$ 68,771	$ 85,968	$ 50,626	$ 221,544
2014							
No. of paid vehicles ('000s)	2,142	18,791	19,856	13,309	17,434	10,712	44,037
Average toll rate	$ 6.08	$ 5.59	$ 5.72	$ 5.45	$ 5.22	$ 5.05	$ 5.04
Total revenues	$ 13,033	$ 105,085	$ 113,606	$ 72,559	$ 91,088	$ 54,088	$ 222,048
2015							
No. of paid vehicles ('000s)	2,289	19,586	20,529	13,914	17,902	11,379	45,535
Average toll rate	$ 5.95	$ 5.59	$ 5.72	$ 5.43	$ 5.21	$ 5.02	$ 5.02
Total revenues	$ 13,611	$ 109,472	$ 117,429	$ 75,524	$ 93,335	$ 57,163	$ 228,421
2016							
No. of paid vehicles ('000s)	2,346	20,637	21,241	14,267	19,079	11,648	46,038
Average toll rate	$ 5.91	$ 5.57	$ 5.71	$ 5.42	$ 5.19	$ 5.02	$ 4.98
Total revenues	$ 13,875	$ 114,971	$ 121,274	$ 77,383	$ 98,997	$ 58,501	$ 229,131
2017							
No. of paid vehicles ('000s)	2,655	21,043	21,516	14,450	19,404	11,767	45,979
Average toll rate	$ 5.81	$ 5.56	$ 5.72	$ 5.41	$ 5.18	$ 5.04	$ 4.95
Total revenues	$ 15,425	$ 116,978	$ 123,022	$ 78,143	$ 100,495	$ 59,317	$ 227,404
2018							
No. of paid vehicles ('000s)	2,938	21,156	21,997	14,600	19,701	11,868	46,042
Average toll rate	$ 5.76	$ 5.57	$ 5.71	$ 5.42	$ 5.18	$ 5.06	$ 4.90
Total revenues	$ 16,927	$ 117,766	$ 125,657	$ 79,139	$ 102,083	$ 60,097	$ 225,681
2019							
No. of paid vehicles ('000s)	3,118	21,192	22,023	14,454	19,732	12,004	45,761
Average toll rate	$ 5.73	$ 5.56	$ 5.71	$ 5.40	$ 5.16	$ 5.05	$ 4.87
Total revenues	$ 17,880	$ 117,815	$ 125,717	$ 78,024	$ 101,868	$ 60,575	$ 223,036
2020							
No. of paid vehicles ('000s)	2,841	18,336	19,429	12,657	16,531	9,874	40,114
Average toll rate	$ 5.69	$ 5.60	$ 5.79	$ 5.46	$ 5.20	$ 5.06	$ 4.92
Total revenues	$ 16,158	$ 102,676	$ 112,430	$ 69,163	$ 85,976	$ 49,980	$ 197,549
2021							
No. of paid vehicles ('000s)	2,639	16,049	17,104	11,130	12,462	6,857	35,476
Average toll rate	$ 8.44	$ 8.46	$ 8.58	$ 8.25	$ 8.25	$ 8.22	$ 7.74
Total revenues*	$ 22,284	$ 135,701	$ 146,766	$ 91,869	$ 102,872	$ 56,397	$ 274,515
2022							
No. of paid vehicles ('000s)	2,833	17,285	18,068	12,217	14,497	8,213	38,801
Average toll rate	$ 7.37	$ 7.06	$ 7.21	$ 6.91	$ 6.58	$ 6.46	$ 6.44
Total revenues*	$ 20,893	$ 122,077	$ 130,358	$ 84,478	$ 95,400	$ 53,051	$ 249,940

* Included Regional Measure 3 (RM3) revenue collected for the period from January 2019 to June 2021.

Metropolitan Transportation Commission
Ratios of General Bonded Debt Outstanding (unaudited)
By Fiscal Year
Table 10

Fiscal Year	Toll Revenue Bonds	Less: Amounts Available in Debt Service Fund	Total	Toll Revenues	Revenue Bonds
2013	$ 7,877,075,576	$ 427,025,751	$ 7,450,049,825	$ 652,975,339	58
2014	8,711,105,575	475,439,245	8,235,666,330	671,506,937	62
2015	9,428,211,727	510,833,790	8,917,377,937	694,954,852	65
2016	9,356,475,813	515,292,195	8,841,183,618	714,132,356	62
2017	9,617,638,394	526,223,870	9,091,414,524	720,784,303	63
2018	9,732,050,322	519,966,477	9,212,083,845	727,350,431	62
2019	9,643,426,484	527,588,817	9,115,837,667	724,914,020	62
2020	9,140,323,768	534,211,465	8,606,112,303	633,932,206	68
2021	9,079,375,391	539,710,859	8,539,664,532	830,404,755 *	76
2022	9,726,796,699	904,720,166	8,822,076,533	756,197,028	72

* Included Regional Measure 3 (RM3) revenue collected for the period from January 2019 to June 2021.

Metropolitan Transportation Commission
Pledged-Revenue Coverage (unaudited)
By Fiscal Year

Table 11

Toll Revenue Bonds

Fiscal Year	Toll Revenues	Less: Operating	Net Available Revenue	Debt Service: Principal	Debt Service: Interest[1]	Coverage
2013	$ 652,975,339	$ 136,394,953	$ 516,580,386	$ 40,540,000	$ 328,418,435	1.40
2014	671,506,937	149,382,450	522,124,487	46,165,000	373,729,994	1.24
2015	694,954,852	150,674,360	544,280,492	48,195,000	360,391,933	1.33
2016	714,132,356	149,654,060	564,478,296	56,915,000	371,776,680	1.32
2017	720,784,303	165,217,440	555,566,863	54,835,000	381,073,698	1.27
2018	727,350,431	168,219,801	559,130,630	55,760,000	383,817,204	1.27
2019	724,914,020	174,407,488	550,506,532	63,885,000	380,074,132	1.24
2020	633,932,206	162,951,569	470,980,637	118,235,000	383,303,239	0.94 [2]
2021	830,404,755 *	149,267,154	681,137,601	-	365,009,316	1.87
2022	756,197,028	190,346,658	565,850,370	39,905,000	362,787,270	1.41

* Included Regional Measure 3 (RM3) revenue collected for the period from January 2019 to June 2021.

(1) Net of Build America Bonds (BABs) interest subsidy.

(2) BATA has designated reserves to cover any operating shortfalls. Refer to Schedule 10 for debt service coverage ratios.

Metropolitan Transportation Commission
Miscellaneous Statistics (unaudited)
June 30, 2022 — Table 12

Date of Incorporation	1970
Form of Government	Commissioners with Appointed Executive Director
Number of Commissioners	18 Voting and 3 Non-Voting Members
Number of Employees (Approved Positions)	319
Type of Tax Support	3.5% of TDA Sales Tax
Region in Which Commission Operates	San Francisco Bay Area San Jose, San Francisco & Oakland Combined Statistical Area including San Benito & Santa Cruz
Number of Counties in the Region	9
Area of Authority in Square Miles	6,980
Population of Region in Which Commission Operates	7,696,482
Number of Toll Bridges in the Region	8
Traffic for All Toll Bridges - Number of Vehicles (excluding Golden Gate Bridge, Highway and Transportation District)	122,662,236
Toll Revenues (excluding Golden Gate Bridge, Highway and Transportation District)	$756,197,028
Number of Call Boxes in the Region	374

Metropolitan Transportation Commission
Demographic Statistics for Nine San Francisco Bay Area Counties (unaudited)
Last Ten Calendar Years — Table 13

Year	Population [1]	Per Capita Income[2, 5]	Median Age[2, 5]	School Enrollment[3]	Unemployment Rate[4]
2013	7,327,626	N/A	N/A	1,004,436	6.69 %
2014	7,420,453	N/A	N/A	1,013,055	5.34 %
2015	7,510,942	N/A	N/A	1,019,853	4.20 %
2016	7,649,565	N/A	N/A	1,021,840	4.24 %
2017	7,714,638	N/A	N/A	1,022,684	3.65 %
2018	7,772,586	N/A	N/A	1,022,674	3.07 %
2019	7,783,460	N/A	N/A	1,015,200	2.76 %
2020	7,790,537	N/A	N/A	1,009,363	12.07 %
2021	7,823,826	N/A	N/A	977,976	5.67 %
2022	7,696,482	N/A	N/A	943,427	2.50 %

Data Sources

[1] State of California, Dept. of Finance, Demographic Research Unit

[2] Bureau of Census

[3] California Department of Education

[4] State of California, Employment Development Department - every ten years

[5] Bureau of Census conducts survey every ten years for the Median Age and Per Capita Income of the nine-county region as a whole.

N/A - Not Available

Metropolitan Transportation Commission
Ten Largest Employers (unaudited)
Fiscal Years 2022 and 2013

Table 14

2022[1]

Employer	Employees	Rank	Percentage of City of San Francisco Total Employment
Kaiser Permanente	46,352	1	29%
Sutter Health	18,710	2	11.7%
Meta	15,407	3	9.6%
Safeway Inc.	14,474	4	9.0%
Tesla Inc.	13,000	5	8.1%
Wells Fargo Bank	12,035	6	7.5%
Genentech	12,000	7	7.5%
Salesforce	9,450	8	5.9%
Allied Universal	9,309	9	5.9%
PG&E Corp.	9,300	10	5.8%

2013[2]

Employer	Employees	Rank	Percentage of City of San Francisco Total Employment
City and County of San Francisco	26,182	1	15.4%
University of California, San Francisco	22,493	2	13.2%
Kaiser Permanente	21,789	3	12.8%
University of California, Berkeley	21,341	4	12.5%
State of California	16,436	5	9.6%
Wells Fargo Bank	15,172	6	8.9%
Safeway Inc.	13,661	7	8.0%
Stanford University	12,614	8	7.4%
US Postal Service	11,043	9	6.6%
Contra Costa County	9,800	10	5.7%

Data Sources

[1] 2022 Book of Lists, San Francisco Business Times

[2] 2013 Book of Lists, San Francisco Business Times

Metropolitan Transportation Commission
Full-Time Equivalent Employees by Function (unaudited)
Last Ten Fiscal Years

Table 15

Functions	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
General government	68	69	64	77	74	86	94	74	70	70
Transportation	73	76	76	83	79	122	119	150	148	160
Business-type Activities										
Toll bridge activities	34	41	54	58	64	65	63	67	70	84
Congestion relief	5	5	4	5	5	4	5	5	5	6
BAHA	-	-	3	6	10	9	8	8	7	7
	180	191	201	229	232	286	289	304	300	327

Metropolitan Transportation Commission
Ratio of Retiree Medical Premium to Covered Payroll (unaudited)
By Fiscal Year — Table 16

Fiscal Year	Retiree Premiums	Covered Payroll*	% of Covered Payroll
2013	$ 679,688	$ 18,966,022	3.58%
2014	658,421	20,191,937	3.26%
2015	743,290	22,111,218	3.36%
2016	763,647	23,713,316	3.22%
2017	776,100	27,722,133	2.79%
2018	835,827	33,455,049	2.50%
2019	1,010,937	34,846,017	2.90%
2020	1,171,894	36,306,211	3.23%
2021	1,254,523	39,015,440	3.21%
2022	1,416,805	41,289,893	3.43%

* From MTC records

OTHER INFORMATION

Metropolitan Transportation Commission
Schedule of Changes in Assets and Liabilities for Transportation Development Act (TDA) and AB 1107 (unaudited)
For the Year Ended June 30, 2022

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
County of Alameda				
Assets				
Cash	$ 36,108,418	$ 131,125,457	$ 116,283,425	$ 50,950,450
Interest receivables	89,155	129,060	153,685	64,530
Total Assets	$ 36,197,573	$ 131,254,517	$ 116,437,110	$ 51,014,980
Liabilities				
Accounts payable and accrued liabilities	$ 10,773,576	$ 87,394,036	$ 97,043,437	$ 1,124,175
Due to other governments	25,423,997	43,860,481	19,393,673	49,890,805
Total Liabilities	$ 36,197,573	$ 131,254,517	$ 116,437,110	$ 51,014,980
County of Contra Costa				
Assets				
Cash	$ 35,838,273	$ 77,851,597	$ 63,352,076	$ 50,337,794
Total Assets	$ 35,838,273	$ 77,851,597	$ 63,352,076	$ 50,337,794
Liabilities				
Accounts payable and accrued liabilities	$ 1,180,321	$ 50,623,531	$ 51,514,788	$ 289,064
Due to other governments	34,657,952	27,228,066	11,837,288	50,048,730
Total Liabilities	$ 35,838,273	$ 77,851,597	$ 63,352,076	$ 50,337,794
County of Marin				
Assets				
Cash	$ 3,350,401	$ 18,964,763	$ 16,532,541	$ 5,782,623
Interest receivables	4,489	2,234	5,606	1,117
Total Assets	$ 3,354,890	$ 18,966,997	$ 16,538,147	$ 5,783,740
Liabilities				
Accounts payable and accrued liabilities	$ 425,341	$ 14,658,323	$ 14,774,729	$ 308,935
Due to other governments	2,929,549	4,308,674	1,763,418	5,474,805
Total Liabilities	$ 3,354,890	$ 18,966,997	$ 16,538,147	$ 5,783,740
County of Napa				
Assets				
Cash	$ 8,377,220	$ 12,768,765	$ 10,336,241	$ 10,809,744
Total Assets	$ 8,377,220	$ 12,768,765	$ 10,336,241	$ 10,809,744
Liabilities				
Accounts payable and accrued liabilities	$ 597,307	$ 10,816,424	$ 8,568,782	$ 2,844,949
Due to other governments	7,779,913	1,952,341	1,767,459	7,964,795
Total Liabilities	$ 8,377,220	$ 12,768,765	$ 10,336,241	$ 10,809,744

Metropolitan Transportation Commission
Schedule of Changes in Assets and Liabilities for Transportation Development Act (TDA) and AB 1107 (unaudited), *continued*
For the Year Ended June 30, 2022

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
County of San Francisco				
Assets				
Cash	$ 2,030,951	$ 50,930,887	$ 50,003,358	$ 2,958,480
Interest receivables	8,269	17,106	16,822	8,553
Total Assets	$ 2,039,220	$ 50,947,993	$ 50,020,180	$ 2,967,033
Liabilities				
Accounts payable and accrued liabilities	$ 246,145	$ 43,170,664	$ 43,348,122	$ 68,687
Due to other governments	1,793,075	7,777,329	6,672,058	2,898,346
Total Liabilities	$ 2,039,220	$ 50,947,993	$ 50,020,180	$ 2,967,033
County of San Mateo				
Assets				
Cash	$ 5,169,148	$ 56,579,874	$ 44,091,667	$ 17,657,355
Interest receivables	55,895	100,822	106,306	50,411
Total Assets	$ 5,225,043	$ 56,680,696	$ 44,197,973	$ 17,707,766
Liabilities				
Accounts payable and accrued liabilities	$ 554,750	$ 38,242,781	$ 37,546,924	$ 1,250,607
Due to other governments	4,670,293	18,437,915	6,651,049	$ 16,457,159
Total Liabilities	$ 5,225,043	$ 56,680,696	$ 44,197,973	$ 17,707,766
County of Santa Clara				
Assets				
Cash	$ 8,505,683	$ 150,894,689	$ 141,615,593	$ 17,784,779
Total Assets	$ 8,505,683	$ 150,894,689	$ 141,615,593	$ 17,784,779
Liabilities				
Accounts payable and accrued liabilities	$ 671,958	$ 125,089,191	$ 125,121,881	$ 639,268
Due to other governments	7,833,725	25,805,498	16,493,712	17,145,511
Total Liabilities	$ 8,505,683	$ 150,894,689	$ 141,615,593	$ 17,784,779
County of Solano				
Assets				
Cash	$ 38,958,026	$ 28,230,596	$ 20,703,987	$ 46,484,635
Total Assets	$ 38,958,026	$ 28,230,596	$ 20,703,987	$ 46,484,635
Liabilities				
Accounts payable and accrued liabilities	$ 843,288	$ 18,414,357	$ 17,801,437	$ 1,456,208
Due to other governments	38,114,738	9,816,239	2,902,550	45,028,427
Total Liabilities	$ 38,958,026	$ 28,230,596	$ 20,703,987	$ 46,484,635

Metropolitan Transportation Commission
Schedule of Changes in Assets and Liabilities for Transportation Development Act (TDA) and AB 1107 (unaudited), *continued*
For the Year Ended June 30, 2022

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
County of Sonoma				
Assets				
Cash	$ 24,298,498	$ 34,798,737	$ 27,007,312	$ 32,089,923
Total Assets	$ 24,298,498	$ 34,798,737	$ 27,007,312	$ 32,089,923
Liabilities				
Accounts payable and accrued liabilities	$ 572,976	$ 22,675,952	$ 22,208,110	$ 1,040,818
Due to other governments	23,725,522	12,122,785	4,799,202	31,049,105
Total Liabilities	$ 24,298,498	$ 34,798,737	$ 27,007,312	$ 32,089,923
Total TDA fund				
Assets				
Cash	$ 162,636,618	$ 562,145,365	$ 489,926,200	$ 234,855,783
Interest receivables	157,808	249,222	282,419	124,611
Total Assets	$ 162,794,426	$ 562,394,587	$ 490,208,619	$ 234,980,394
Liabilities				
Accounts payable and accrued liabilities	$ 15,865,662	$ 411,085,259	$ 417,928,210	$ 9,022,711
Due to other governments	146,928,764	151,309,328	72,280,409	225,957,683
Total Liabilities	$ 162,794,426	$ 562,394,587	$ 490,208,619	$ 234,980,394
AB 1107				
Assets				
Cash	$ -	$ 103,577,286	$ 103,577,286	$ -
Total Assets	$ -	$ 103,577,286	$ 103,577,286	$ -
Liabilities				
Accounts payable and accrued liabilities	$ -	$ 103,577,286	$ 103,577,286	$ -
Total Liabilities	$ -	$ 103,577,286	$ 103,577,286	$ -

Crowe

Metropolitan Transportation Commission

Reports on Federal Awards in Accordance with OMB Uniform Guidance
For the Year Ended June 30, 2022

Auditee	**EIN**
Metropolitan Transportation Commission	**94-1749911**

Metropolitan Transportation Commission
Reports on Federal Awards in Accordance with OMB Uniform Guidance
For the Year Ended June 30, 2022

CONTENTS

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

Commissioners
Metropolitan Transportation Commission
San Francisco, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Metropolitan Transportation Commission (the "Commission") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated <>, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

(Continued)

Commission's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Commission's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Crowe LLP

San Francisco, California
<>, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Commissioners
Metropolitan Transportation Commission
San Francisco, California

Report on Compliance for Each Major Federal Program

Opinion on Major Federal Program

We have audited the Metropolitan Transportation Commission's (the "Commission") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the Commission's major federal program for the year ended June 30, 2022. The Commission's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Commission's federal programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Commission as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements. We issued our report thereon dated <>, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Crowe LLP

San Francisco, California
October <>, 2022

METROPOLITAN TRANSPORTATION COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2022

Federal Grantor/Pass Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Sub-Recipients	Total Federal Expenditures
Federal Highway Administration (FHWA)				
Highway Research and Development Program				
Department of Transportation				
Pass Through from the California Department of Transportation				
Highway Research and Development Program				
	20.200	SHRP2L-6084 (192)	$ 4,610	$ 29,594
	20.200	FHWA Work Zone Data Center	-	147,327
Total Highway Research and Development Program			**4,610**	**176,921**
Highway Planning and Construction Cluster				
Department of Transportation				
Pass Through from the California Department of Transportation				
Highway Planning and Construction				
	20.205	04 OWPMTCM (FHWA TC)	35,000	8,576,917
	20.205	SP&R FHWA Next Generation	-	37,122
	20.205	STPL-6084 (186)	496,160	496,160
	20.205	CML-6084 (190)	-	475,000
	20.205	STPL-6084 (197)	-	298,950
	20.205	STPL-6084 (198)	-	142,581
	20.205	STPLNI-6084 (205)	-	194,435
	20.205	CML-6084 (202)	195,390	195,390
	20.205	CML-6084 (209)	-	989,970
	20.205	STPL-6084 (206)	10,858,822	10,858,822
	20.205	STPL-6084 (207	255,349	1,861,861
	20.205	CML-6084 (211)	-	246,592
	20.205	CML-6084 (210)	16,168	2,958,494
	20.205	CML-6084 (215)	-	548,722
	20.205	CMLNI-6084 (216)	-	832,342
	20.205	CMLNI-6084 (208)	-	366,323
	20.205	STPLNI-6084 (213)	-	1,440,154
	20.205	STPLNI-6084 (212)	-	295,028
	20.205	STPLNI-6084 (222)	-	513,291
	20.205	STPLNI-6084 (225)	-	40,615
	20.205	CMLNI-6084 (220)	-	109,058
	20.205	STPLNI-6084 (232)	1,352,010	1,349,944
	20.205	CMLNI-6084 (219)	41,178	42,678
	20.205	STPLNI-6084 (226)	-	2,656,260
	20.205	STPLNI-6084 (227)	1,754,900	1,878,360
	20.205	STPLNI-6084 (230)	-	329,996
	20.205	STPLNI-6084 (231)	-	391,632
	20.205	STPLNI-6084 (233)	2,983,966	2,983,966
	20.205	STPL-6084 (235)	-	20,000
	20.205	STPLNI-6084(241)	-	189,514
	20.205	CMLNI-6084(242)	-	35,639
	20.205	CMLNI-6084(243)	-	118,092
	20.205	STPLNI-6084(255)	-	1,493,385
	20.205	STPLNI-6084(254)	-	14,103
	20.205	STPLNI-6084(244)	-	195,780
	20.205	STPL-6084(259)	-	291,790
	20.205	STPLNI-6084 (260)	-	2,891,338
	20.205	STPLNI-6084 (263)	-	713,644
	20.205	STPLNI-6084 (264)	-	204,506
	20.205	STPLNI-6084 (262)	-	1,445,312
	20.205	STPL-6084(268)	59,399	525,101
	20.205	STPL-6084 (269)	-	22,291
	20.205	STPL-6084(273)	-	26,286
	20.205	STOL 6084 (279)	-	3,694
Total Highway and Planning and Construction Cluster			**18,048,342**	**49,301,138**
Total Federal Highway Administration (FHWA)			**18,052,952**	**49,478,059**
Federal Transit Administration (FTA)				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research Program				
Pass Through from the California Department of Transportation				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research				
	20.505	04 OWPMTCM (FTA 5303 TC)	30,000	3,563,721
	20.505	04 OWPMTCM (FTA 5304 TC)	-	211,643
	20.505	04 OWPMTCM (FTA 5304 TC)	-	253,007
	20.505	04 OWPMTCM (FTA 5304 TC)	367,134	367,134
Total Pass Through from the California Department of Transportation			397,134	4,395,505
Total Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research Program			**397,134**	**4,395,505**

(Continued)

METROPOLITAN TRANSPORTATION COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2022

Federal Grantor/Pass Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Sub-Recipients	Total Federal Expenditures
Federal Transit Cluster				
Department of Transportation				
Federal Transit Capital Investment Grants				
Pass-Through From SFMTA	20.500	CA-03-0767-05	$ -	$ 75,659
Subtotal: ALN 20.500			**-**	**75,659**
Federal Transit Formula Grants				
Direct Awards				
COVID-19: CA-2020-224-00	20.507		-	3,553,880
CA-2020-232-02 5307-3	20.507		-	13,177,588
CA-2020-232-02 5307-2A	20.507		-	7,850,340
Pass-Through From Golden Gate Bridge, Highway & Transportation District	20.507	CA-2016-120-00 (FTA 5307)	-	156,664
Subtotal: ALN 20.507			**-**	**24,738,472**
State of Good Repair Grants Program				
Pass-Through From Golden Gate Bridge, Highway & Transportation District	20.525	CA-2016-120-00 (FTA 5337)	-	248,918
Pass-Through From Golden Gate Bridge, Highway & Transportation District	20.525	CA-2017-162-00 (FTA 5337)	-	1,235,747
Subtotal: ALN 20.525			**-**	**1,484,665**
Total Federal Transit Cluster			**-**	**26,298,796**
Transit Services Program Cluster				
Department of Transportation				
Enhanced Mobility of Seniors & Individuals with Disabilities				
Pass-Through from the California Department of Transportation	20.513	64AM19-01194	-	77,106
Subtotal: ALN 20.513			**-**	**77,106**
Direct Awards				
Job Access And Reverse Commute Program				
CA-37-X177-00 (JARC)	20.516		12,129	15,755
Subtotal: ALN 20.516			**12,129**	**15,755**
New Freedom Program				
CA-57-X023-00 (New Freedom)	20.521		64,685	64,685
CA-57-X109-00 (New Freedom)	20.521		-	48,970
Subtotal: ALN 20.521			**64,685**	**113,655**
Total Transit Services Program Cluster			**76,814**	**206,516**
Total Federal Transit Administration (FTA)			**473,948**	**30,900,817**
United States Environmental Protection Agency				
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Coopertative Agreements				
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Coopertative Agreements				
Pass-Through from Association of Bay Area Governments	66.818	BF-99761501	-	76,898
Subtotal: ALN 66.818			-	76,898
Total United States Environmental Protection Agency			**-**	**76,898**
Department of Homeland Security				
Cooperating Technical Partners				
Direct Awards				
EMF-2020-CA-0017-S01	97.045	EMF-2020-CA-00017	-	86,537
Subtotal: ALN 97.045			-	86,537
Total Department of Homeland Security			**-**	**86,537**
Total Expenditures for Federal Awards			**$ 18,526,900**	**$ 80,542,311**

See accompanying notes to the schedule of expenditures of federal awards.

NOTE 1 – Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all expenditures of federal awards of the Metropolitan Transportation Commission (“MTC”).

The Schedule is presented using the modified accrual basis of accounting. MTC’s financial statements are prepared on the accrual basis for proprietary and fiduciary activities and modified accrual basis for governmental activities, which are described in Note 1 of the notes to MTC’s financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the “Uniform Guidance”). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in preparation of, the financial statements. Expenditures reported on the Schedule are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 2 – Indirect Cost Rate

MTC applies its predetermined approved indirect cost rate when charging indirect costs to federal awards rather than the 10% de minimis indirect cost rate described in Section 200.414 of the Uniform Guidance. MTC’s indirect cost rate is approved by its cognizant agency.

SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	__X__ Yes ______ No
Significant deficiency(ies) identified?	______ Yes __X__ None reported
Noncompliance material to financial statements noted?	______ Yes __X__ No

Federal Awards:

Internal control over major federal programs:	
Material weakness(es) identified?	______ Yes __X__ No
Significant deficiency(ies) identified?	______ Yes __X__ None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	______ Yes __X__ No
Identification of major federal programs:	
Assistance Listing 20.500, 20.507, 20.525	Federal Transit Cluster
Dollar threshold used to distinguish type A and B programs:	$ 2,416,269
Auditee qualified as low-risk auditee?	__X__ Yes ______ No

(Continued)

2022-01- Internal Controls over Financial Reporting (Material Weakness)

Criteria:

The reporting entity is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP).

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* (GASB 51), paragraph 24 notes the term *capital assets* includes land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

GASB 51 paragraph 2 notes that an intangible asset is an asset that possesses all of the following characteristics:

a. Lack of physical substance. An asset may be contained in or on an item with physical substance, for example, a compact disc in the case of computer software. An asset also may be closely associated with another item that has physical substance, for example, the underlying land in the case of a right-of-way easement. These modes of containment and associated items should not be considered when determining whether or not an asset lacks physical substance.

b. Nonfinancial nature. In the context of this Statement, an asset with a nonfinancial nature is one that is not in a monetary form similar to cash and investment securities, and it represents neither a claim or right to assets in a monetary form similar to receivables, nor a prepayment for goods or services.

c. Initial useful life extending beyond a single reporting period.

GASB 51, paragraph 8, notes that outlays incurred related to the development of an internally generated intangible asset that is identifiable should be capitalized only upon the occurrence of all of the following:

a. Determination of the specific objective of the project and the nature of the service capacity that is expected to be provided by the intangible asset upon the completion of the project.

b. Demonstration of the technical or technological feasibility for completing the project so that the intangible asset will provide its expected service capacity.

c. Demonstration of the current intention, ability, and presence of effort to complete or, in the case of a multiyear project, continue development of the intangible asset.

GASB 51, paragraph 128, notes that computer software is a common type of intangible asset that is often internally generated. Computer software should be considered internally generated if it is developed in-house by the government's personnel or by a third-party contractor on behalf of the government. Commercially available software that is purchased or licensed by the government and modified using more than minimal incremental effort before being put into operation also should be considered internally generated for purposes of this section. For example, licensed financial accounting software that the government modifies to add special reporting capabilities would be considered internally generated.

(Continued)

In addition, GASB Statement No. 84 *Fiduciary Activities* (GASB 84), paragraph 21, notes that except for entities that are required to apply paragraph 22, a liability to the beneficiaries of a fiduciary activity should be recognized in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

Condition:

The Metropolitan Transportation Commission (Commission) internal control environment over financial reporting did not timely detect certain adjustments related to the previous fiscal year that were needed to prevent the opening net position of the Clipper enterprise/business-type activities and the opening fiduciary net position of the Clipper fiduciary fund, respectively, from being materially misstated. Management corrected the errors and recorded the following prior period adjustments:

1. Increase net book value of capital assets and beginning net position by $53,194,059 for the Commission's license to use the Clipper fare payment system internally generated software and related equipment not previously recorded as capital assets in the business-type activities and Clipper enterprise fund.

2. Decrease liabilities and increase beginning fiduciary net position by $120,481,998 for the prepaid and unused Clipper card balances that were not previously recorded as an addition in the Clipper fiduciary fund.

Context:

The Commission has historically accounted for the costs associated with the Clipper fare payment system and related equipment utilized by the participating transit operators as a non-operating expense entitled "Distribution to other agencies for their capital purposes" on the Clipper fund financial statements. Management recorded these transactions in this manner based on their belief that the Clipper fare payment system and related equipment is for the benefit of the transit operators and is not used in MTC's operations; the Commission is not a transit operator, and thus Management believed that the costs associated with the transactions did not meet the definition of a capital asset. In February 2016, the Commission entered into an Amended Memorandum of Understanding with the transit operators in which the Commission undertook additional obligations for creation and maintenance of all copyrights and other intellectual property necessary for the operation of the Clipper fare payment system, as well as for ownership of specified Clipper assets. Management has concluded that "MTC operations" for the purposes of the Clipper system is the service that is provided to the transit operators and not that provided to individual Clipper users. As a result, management reflected prior period adjustments to reflect the Commission's ownership of the license to utilize the Clipper fare payment system and related equipment as capital assets since the Amended MOU was executed in 2016.

For the Clipper fiduciary fund, there were inconsistencies in the evaluation of whether the prepaid unused Clipper cards met the definition of a liability or were more properly reflected as an addition to the fiduciary fund. To qualify as a liability, an event has to occur to compel a government to disburse the assets of the fiduciary fund. Management determined that the events that need to occur to compel the Commission to disburse the Clipper fiduciary fund assets is primarily the patron utilizing their Clipper card on one of the transit operators or less commonly, a patron requesting a refund from the Commission for any unused Clipper card balances. As a result of management's review, they reflected a prior period adjustment to record the prepaid unused Clipper card balances as an addition rather than a liability.

(Continued)

Cause:
The Clipper enterprise fund and business-type activities error was due to a change in the 2016 Amended MOU with the transit operators that established that the Commission had ownership of the license to utilize the Clipper fare payment system and related equipment purchased for the transit operators. Management did not consider the impact of the 2016 Amended MOU on their accounting and financial reporting of the Clipper fund financial statements.

For the Clipper Fiduciary fund error, the incorrect recording of the liability in the custodial fund was due to the misinterpretation of the definition of a liability in the custodial fund as outlined in paragraph 21 of GASB 84.

Effect or potential effect:
Annual financial statements may not be presented in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

Recommendation:
We recommend that the Commission strengthen their review of any changes in contracts and agreements and new accounting pronouncements to better evaluate the impact to their financial accounting and reporting. We recommend authoritative guidance be obtained and reviewed to ensure the proper accounting treatment for unique transactions.

Views of responsible officials and planned corrective actions:
Management concurs with Crowe LLP's observation and acknowledges that there are opportunities for process improvements as they relate to evaluating contracts and amendments for proper accounting treatment and reporting.

Management will expand the distribution of contracts and amendments to include the financial reporting section. This section will review and evaluate the proper accounting treatment and reporting of contract activities and document the results of this evaluation. Amendments will be reviewed for impacts on existing accounting treatment and reporting, and any necessary changes will be documented.
Additionally, Management will encourage collaboration between departments to evaluate reporting requirements for unusual and complex agreements to ensure that proper reporting structure is documented and in place upon execution of the agreement.

Management will expand the financial reporting section to include a capital asset accountant who will perform and coordinate this contract review and ensure that capital assets are properly reported. This position will review and interpret new accounting pronouncements and consider their impact on existing contracts and implement necessary changes.

Management will strengthen their review and evaluation of new accounting pronouncements and their impact on existing financial reporting and accounting procedures. Management will attend training on new pronouncements and if needed seek advice on the application of current pronouncement on unique or unusual transactions from external resources. Management will document the review performed and any impact it has on financial reporting and existing policies and procedures.

(Continued)

Bay Area Headquarters Authority

A Component Unit of Metropolitan Transportation Commission

Financial Statements
As of and for the Year Ended June 30, 2022

Final Draft

Bay Area Headquarters Authority
A Component Unit of Metropolitan Transportation Commission
Table of Contents
For the Year Ended June 30, 2022

INDEPENDENT AUDITOR'S REPORT

Members of the Board
Bay Area Headquarters Authority
San Francisco, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Bay Area Headquarters Authority (BAHA), a component unit of the Metropolitan Transportation Commission, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise BAHA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of BAHA, as of June 30, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of BAHA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Notes 2 and 4 to the financial statements, during the year ended June 30, 2022, BAHA adopted new accounting guidance, GASB Statement No. 87, Leases. The adoption resulted in recording lease receivable and deferred inflows of resources related to leases. There was no impact to net position as of July 1, 2021 as a result of adoption. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

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

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

Report on Partial Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with BAHA's financial statements for the year ended June 30, 2021, from which such partial information was derived.

Required Supplementary Information

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

Crowe LLP

San Francisco, California
<>, 2022

Management's Discussion and Analysis

This financial report is designed to provide a general overview of the Bay Area Headquarters Authority's (BAHA) financial statements, a discretely presented component unit of the Metropolitan Transportation Commission (MTC). This Management's Discussion and Analysis presents an overview of the financial activities of BAHA for the year ended June 30, 2022. The discussion has been prepared by management and should be read in conjunction with the financial statements and the notes which follow.

MTC and the Bay Area Toll Authority (BATA) executed a Joint Exercise of Powers Agreement on September 28, 2011 to establish BAHA. BAHA is authorized to take all actions necessary to plan, acquire, develop, operate, and maintain BAHA's office space and facilities. However, BAHA may not issue bonds or other forms of indebtedness. On October 14, 2011, BAHA acquired the property located on 375 Beale Street, San Francisco, California (the "Building") for the purpose of establishing a Bay Area regional headquarters for MTC, Bay Area Air Quality Management District (BAAQMD), and the Association of Bay Area Governments (ABAG). The Building was named Bay Area Metro Center (BAMC).

In May 2016, MTC, BAAQMD, and ABAG moved into the Building. In June 2017, BAHA, BAAQMD, and ABAG formed a nonprofit mutual benefit organization, 375 Beale Condominium Corporation ("375 Beale Condo") to manage the condominium interest at BAMC. The three agencies also established a Declaration of Covenants, Conditions and Restrictions, which governs the policy and operating guidance for 375 Beale Condo.

A. Financial Highlights

No tenants had missed any monthly payment during fiscal year 2022, and BAHA reached $10.4 million in total operating revenue at the end of the fiscal year.

B. Overview of the BAHA Financial Statements

BAHA's financial statements include *Statement of Net Position*, *Statement of Revenues, Expenses and Changes in Net Position*, and *Statement of Cash Flows*. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

The *Statement of Net Position* reports assets, liabilities, deferred out/inflows of resources, and the difference as net position. The *Statement of Revenues, Expenses, and Changes in Net Position* consists of operating revenues and expenses and nonoperating revenues and expenses. The *Statement of Cash Flows* is presented using the direct method.

Statement of Net Position, *Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows* are presented on pages 8 – 11 of this report.

C. Financial Analysis

Statement of Net Position

The following table is a summary of BAHA's statement of net position as of June 30 for the last two fiscal years:

	2022	2021
Cash	$ 33,778,104	$ 31,199,430
Receivables	26,991,427	336,811
Other assets	265,201	171,165
Capital assets	194,875,005	200,704,679
Total assets	255,909,737	232,412,085
Deferred outflows of resources	162,866	145,118
Current liabilities	1,659,893	2,327,604
Non-current liabilities	42,257	202,012
Total liabilities	1,702,150	2,529,616
Deferred inflows of resources	26,243,407	39,869
Net position		
Net investment in capital assets	194,753,128	200,580,939
Restricted for capital projects	4,324,772	4,679,943
Unrestricted	29,049,146	24,726,836
Total net position	$ 228,127,046	$ 229,987,718

Total assets increased by $23,498 thousand in fiscal year 2022. The increase is mainly due to $26,763 thousand increase in lease receivable from the impact of GASB Statement No. 87 adoption, offset by $5,830 thousand decrease in capital assets.

Total liabilities decreased by $827 thousand in fiscal year 2022. The decrease is mainly due to $429 thousand decrease in amount due to 375 Beale Condo, $382 thousand in accrued liabilities of possessory interest tax, and $177 thousand in net pension liability in long term liabilities.

The deferred inflows increased by $26,204 thousand in fiscal year 2022. The increase is mainly due to the adoption of GASB Statement No. 87.

Statement of Revenues, Expenses, and Changes in Net Position

The following table is a summary of BAHA's statement of revenues, expenses, and changes in net position for the last two fiscal years ended June 30:

	2022	2021
Operating revenue		
Rental income	$ 9,582,196	$ 9,807,109
Other operating revenues	798,838	783,640
Total operating revenue	10,381,034	10,590,749
Operating expenses		
Salaries and benefits	449,361	486,653
Professional fees and property management	615,937	557,012
Repairs / maintenance and supplies	1,694,008	1,072,918
Security and cleaning service	1,452,500	1,356,310
Depreciation	6,072,613	6,581,133
Possessory tax	566,389	620,936
Other expenses	1,596,126	1,483,154
Total operating expenses	12,446,934	12,158,116
Operating loss	(2,065,900)	(1,567,367)
Nonoperating revenues / (expenses)		
Interest and miscellaneous income / (expenses)	205,228	(1,081,308)
Total nonoperating revenues / (expenses)	205,228	(1,081,308)
Changes in net position	(1,860,672)	(2,648,675)
Net position - beginning	229,987,718	232,636,393
Net position - ending	$ 228,127,046	$ 229,987,718

BAHA's total operating revenues decreased by $210 thousand in fiscal year 2022, which is primarily due to the impact of GASB Statement No. 87 adoption.

Total operating expenses increased by $289 thousand in fiscal year 2022. The increase in fiscal year 2022 is primarily a result of the increased cost in repair and maintenance which occurred during the low occupancy period.

BAHA has $205 thousand nonoperating revenues in fiscal year 2022 compared to $1,081 thousand nonoperating expenses in fiscal year 2021. This increase is a result of BAHA recognizing $1,056 thousand interest income from the adoption of GASB Statement No. 87 in fiscal year 2022.

D. Notes to the Financial Statements

The notes to the financial statements, beginning on page 12, provide additional information that is essential to a full understanding of the data provided in this management discussion and analysis and the financial statements.

E. Economic Factors

While the general economic picture nationally and regionally has stabilized over the past eighteen months from the challenges posed by the COVID-19 pandemic and ensuing "flash" recession, there are new challenges that MTC and associated agencies must face over FY 2022-23 and beyond.

Inflation has been running very high since early 2021. Inflationary pressures have included supply chain challenges, extremely low unemployment (driven in part by low labor force participation), and the war in Ukraine. For the first several months of this inflationary trend, the Federal Reserve believed these inflationary pressures to be "transitory" (that is, short-term in nature). As it has become clear that these increases are not, in fact, transitory, the Federal Reserve has initiated an assertive campaign of unwinding its monetary stimulus by increasing short-term interest rates and reducing its balance sheet. In pursuing this campaign, the Federal Reserve is attempting to navigate to an economic "soft landing," in which inflation is reduced, unemployment levels remain acceptable (if somewhat higher than current), and the national economy avoids recession.

Unfortunately, steering the economy to a soft landing is an uncertain enterprise, and it is possible that the Federal Reserve may overshoot, increasing interest rates to a point that the economy goes into recession, or that today's inflationary pressures are such that increases in interest rates are insufficient to address them. Either of these could significantly increase financial risk to BAHA.

In the San Francisco Bay Area, the overall economy continues to be strong, with robust growth in sales tax revenue, unemployment rates notably lower than national and statewide rates, and inflation which, while high, is lower than national averages as well as other major metropolitan areas in California.

Pandemic related effects in the Bay Area continue, primarily with respect to the issue of "return-to-office". Office occupancy is down sharply and vacancy rates are up relative to pre-pandemic levels. These trends are likely to have uneven effects across the area, with San Francisco facing significant headwinds on this issue.

Requests for information

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Treasurer, Bay Area Headquarters Authority, 375 Beale Street, Suite 800, San Francisco, CA 94105.

Bay Area Headquarters Authority
A Component Unit of Metropolitan Transportation Commission
Statement of Net Position
June 30, 2022
(With comparative information for the prior year)

		2022		2021
ASSETS				
Current assets:				
Cash and cash equivalents - unrestricted	$	29,453,332	$	26,519,487
Accounts receivable		200,635		336,811
Accrued interest		28,137		-
Lease receivable - current		9,368,673		-
Prepaid expenses		178,154		131,407
Total current assets		39,228,931		26,987,705
Non-current assets:				
Cash and cash equivalents - restricted		4,324,772		4,679,943
Lease receivable - non-current		17,393,982		-
Net pension asset		66,892		-
Net OPEB asset		20,155		39,758
Capital assets, not being depreciated		34,230,605		34,156,444
Capital assets, net of accumulated depreciation		160,644,400		166,548,235
Total non-current assets		216,680,806		205,424,380
TOTAL ASSETS		255,909,737		232,412,085
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pension		112,439		120,415
Deferred outflows from OPEB		50,427		24,703
TOTAL DEFERRED OUTFLOWS OF RESOURCES		162,866		145,118
LIABILITIES				
Current liabilities:				
Accounts payable		206,028		106,782
Retention payable		52,658		51,536
Accrued liabilities		604,848		986,996
Unearned revenue		15,450		13,704
Compensated absences liability		29,177		40,612
Tenants' security deposits		52,651		52,651
Due to other government		528,907		476,016
Due to 375 Beale Condo		170,174		599,307
Total current liabilities		1,659,893		2,327,604
Non-current liabilities:				
Net pension liability		-		176,707
Compensated absences liability		42,257		25,305
Total non-current liabilities		42,257		202,012
TOTAL LIABILITIES		1,702,150		2,529,616
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from leases		26,053,517		-
Deferred inflows from pension		169,180		18,331
Deferred inflows from OPEB		20,710		21,538
TOTAL DEFERRED INFLOWS OF RESOURCES		26,243,407		39,869
NET POSITION				
Net investment in capital assets		194,753,128		200,580,939
Restricted (expendable) for capital projects		4,324,772		4,679,943
Unrestricted		29,049,146		24,726,836
TOTAL NET POSITION	$	228,127,046	$	229,987,718

The accompanying notes are an integral part of the financial statements.

Bay Area Headquarters Authority
A Component Unit of Metropolitan Transportation Commission
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2022
(With comparative information for the prior year)

	2022	2021
OPERATING REVENUE		
Rental income	$ 9,582,196	$ 9,807,109
Other operating revenues	798,838	783,640
TOTAL OPERATING REVENUE	10,381,034	10,590,749
OPERATING EXPENSES		
Salaries and benefits	449,361	486,653
Professional fees	330,751	288,393
Repairs and maintenance	1,671,601	1,069,305
Property management service	285,186	268,619
Insurance	214,144	221,986
Security	609,868	595,729
Cleaning service	842,632	760,581
Utilities	424,087	408,880
Computer maintenance and services	432,060	328,986
Supplies and equipment rental	22,407	3,613
Depreciation	6,072,613	6,581,133
Overhead	236,936	250,299
Possessory tax	566,389	620,936
Other	288,899	273,003
TOTAL OPERATING EXPENSES	12,446,934	12,158,116
OPERATING LOSS	(2,065,900)	(1,567,367)
NONOPERATING REVENUES AND EXPENSES		
Interest income	1,090,530	7,727
Other nonoperating revenues	193,019	171,109
Loss on disposal of capital assets	-	(271,111)
Return of contribution to BATA	(1,080,623)	(1,000,000)
Miscellaneous income	2,302	10,967
TOTAL NONOPERATING REVENUES (EXPENSES)	205,228	(1,081,308)
CHANGE IN NET POSITION	(1,860,672)	(2,648,675)
Net position - Beginning of year	229,987,718	232,636,393
Net position - End of year	$ 228,127,046	$ 229,987,718

The accompanying notes are an integral part of the financial statements.

Bay Area Headquarters Authority
A Component Unit of Metropolitan Transportation Commission
Statement of Cash Flows
For the Year Ended June 30, 2022
(With comparative information for the prior year)

	2022	2021
Cash flows from operating activities		
Cash receipts from tenants	$ 9,730,082	$ 9,909,119
Cash payments to suppliers for goods and services	(6,676,707)	(5,153,585)
Cash payments for employee salaries and benefits	(486,725)	(509,167)
Other cash receipts	275,057	823,447
Net cash provided by operating activities	2,841,707	5,069,814
Cash flows from non-capital financing activities		
Return of contributions to BATA	(1,080,623)	(1,000,000)
Net cash used in non-capital financing activities	(1,080,623)	(1,000,000)
Cash flows from capital and related financing activities		
Acquisition of capital assets	(244,803)	(1,679,176)
Net cash used in capital and related financing activities	(244,803)	(1,679,176)
Cash flows from investing activities		
Interest received	1,062,393	7,727
Net cash provided by investing activities	1,062,393	7,727
Net increase in cash	2,578,674	2,398,365
Cash - Beginning of year	31,199,430	28,801,065
Cash - End of year	$ 33,778,104	$ 31,199,430

The accompanying notes are an integral part of the financial statements.

Bay Area Headquarters Authority
A Component Unit of Metropolitan Transportation Commission
Statement of Cash Flows
For the Year Ended June 30, 2022
(With comparative information for the prior year)

Reconciliation of operating loss to net cash provided by operating activities

	2022	2021
Operating loss	$ (2,065,900)	$ (1,567,367)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	6,072,613	6,581,133
Other revenues	275,057	72,183
Net effect of changes in:		
Accounts receivable	56,440	(136,893)
Prepaid expenses	(46,747)	38,661
Net pension asset / liability	(243,599)	(141,803)
Net OPEB asset / liability	19,603	(13,424)
Accounts payable	102,232	(186,247)
Accrued liabilities	(382,148)	88,380
Unearned revenue	1,746	(544,737)
Lease receivable	(709,138)	-
Due from other governments	52,891	(4)
Deferred outflows from pension	7,976	96,729
Deferred outflows from OPEB	(25,724)	47,472
Compensated absences liability	5,517	22,643
Deferred inflows from pension	150,849	(35,452)
Deferred inflows from OPEB	(828)	(2,724)
Due from /(to) 375 Beale Condo	(429,133)	751,264
Net cash provided by operating activities	$ 2,841,707	$ 5,069,814

Significant Noncash Investing, Capital, and Financing Activities

	2022	2021
Acquisition of capital assets under accounts payable and accrued liabilities	$ 69,219	$ 72,205

The accompanying notes are an integral part of the financial statements.

1. Reporting Entity and Operations

The Bay Area Headquarters Authority (BAHA) was established on September 28, 2011 pursuant to the California Joint Exercise of Powers Act, consisting of Sections 6500 through 6599.2 of the California Government Code to provide for the joint exercise powers common to Metropolitan Transportation Commission (MTC) and the Bay Area Toll Authority (BATA) where two or more public agencies may enter into an agreement to establish an agency to exercise any power common to the contracting parties. BAHA is authorized to plan, acquire and develop BAHA's office space and facilities; to employ agents and employees; to acquire, construct, provide for maintenance and operation of, or maintain and operate, any buildings, works or improvements; to acquire, hold or dispose of property wherever located, including the lease or rental of property; and to receive gifts, contributions and donations of property, funds, services and other forms of assistance from persons, firms, corporation and any governmental entity. However, BAHA may not issue bonds or other forms of indebtedness. There are six members on the governing board of BAHA. BAHA's board consists of four MTC Commissioners and two BATA Commissioners: the MTC Commission chair and vice chair, BATA Oversight Committee's chair and vice chair as well as the MTC Administration Committee's chair and vice chair.

MTC was established under Government Code Section 66500 et seq. of the laws of the State of California (the State) in 1970 to provide comprehensive regional transportation planning for the nine counties that comprise the San Francisco Bay Area, which includes the City and County of San Francisco and the Counties of Alameda, Contra Costa, Marin, Napa, San Mateo, Santa Clara, Solano and Sonoma.

BATA was established pursuant to Chapter 4.3 of Division 17 of the California Streets and Highways Code Section 30950 et seq with the power under California Streets and Highways Code section 30951 to apply for, accept, receive, and disburse grants, loans, and other assistance from any agency of the United States or of the State and to plan projects within its jurisdiction under California Streets and Highways Code Section 30950.3.

BAHA is a discretely presented component unit in the MTC financial statements because it does not qualify for blending under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statement No. 14 and No. 34*. As such, it is presented as a discretely presented component unit in the government-wide financial statements of MTC. Neither MTC nor BATA have any obligations for BAHA's liabilities or other obligations.

These standalone financial statements are for the benefit of the users of BAHA's financial statements who need more disclosure of information and to see the financial information segregated for this entity.

BAHA's Operations

On October 14, 2011, BAHA acquired the office facility at 375 Beale Street, San Francisco, California, now named Bay Area Metro Center (BAMC). The acquisition cost of BAMC was $92,168,317. BATA contributed a cumulative amount of $284,998,523 to be used for renovations and purchase of a Certificate of Participation (COP). MTC and MTC Service Authority for Freeway &

Expressways (SAFE) contributed $11,672,704 and $50,000 to BAHA, respectively. Bay Area Air Quality Management District (BAAQMD) contributed $150,000 for electric vehicle charging stations in BAMC parking garage and $3,000,000 for the improvements of the first-floor large retail space. BAHA has returned $37,680,623 to BATA cumulatively through FY 2022.

BAHA is responsible for the management, operation, and maintenance of BAMC, including sales (of condominium interests in BAMC) and leasing activity. See Note 4 for further information in relation to leasing activities and management of BAMC.

On June 22, 2017, 375 Beale Condominium Corporation was incorporated under the Non-profit Mutual Benefit Corporation Law (California Corporations Code section 7110 *et seq*.) to provide for the management of the association of the three agency owners in BAMC. Cushman & Wakefield of California, Inc. (C&W) was contracted to provide the day-to-day property management services on behalf of the three condominium unit owners. BAHA, in its individual capacity, is solely responsible for the management and operation of the commercial space in BAMC.

2. Summary of Significant Accounting Policies

Basis of Presentation, Measurement Focus and Financial Statement Presentation

The financial statements for BAHA have been prepared in accordance with accounting principles generally accepted in the United States of America using the economic resources measurement focus and the accrual basis of accounting. BAHA also follows standards of Governmental Accounting Standards Board (GASB) for its financial reporting.

New Accounting Pronouncements

GASB Statement No. 87, *Leases*, has an objective to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. BAHA adopted this standard for fiscal year ended June 30, 2022. The adoption of this standard changed the accounting and reporting of BAHA leases. BAHA is now reporting the present value of future lease receipts in the lease receivables and deferred inflows of resources on the statement of net position. See note 4 for further information on the impact of the adoption of GASB Statement 87.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. This statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. BAHA adopted this standard for fiscal year ended June 30, 2022. The adoption of the standard has no impact on BAHA's financial statements.

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations. 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. The requirements of this statement are effective for reporting periods beginning after December 15, 2021. Management is currently evaluating the effect of this statement on BAHA’s financial statements.

GASB Statement No. 92, *Omnibus 2020*, establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance related activities of public entity risk pools, fair value measurements, and derivative instruments. The initial requirements of this statement are effective as follows: (a) The requirements in paragraphs 4, 5, 11, and 13 were effective upon issuance. (b) The requirements in paragraphs 6 and 7 are effective for fiscal years beginning after June 15, 2021. (c) The requirements in paragraphs 8, 9, and 12 are effective for reporting periods beginning after June 15, 2021. (d) The requirements in paragraph 10 are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021. BAHA adopted paragraphs 4, 5, 11 and 13 of this statement in fiscal year 2020. BAHA adopted the remaining paragraphs of this standard for fiscal year ended June 30, 2022. The adoption of the standard has no impact on BAHA's financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates (IBOR)*, establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this statement, except for paragraphs 11b, 13, and 14 were effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter. The adoption of the remaining paragraphs has no impact on BAHA’s financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)*, establishes standards of accounting and financial reporting for PPPs and APAs for governments. The requirements of this statement are effective for fiscal years beginning after June 15, 2022. Management is currently evaluating the effect of this statement on BAHA’s financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, establishes standards of accounting and financial reporting for SBITAs by a government end user (a government). The requirements of this statement are effective for fiscal years beginning after June 15, 2022. Management is currently evaluating the effect of this statement on BAHA’s financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,* (a) clarifies how the absence of a governing board should be considered in determining whether a primary government is financially accountable for purposes of evaluating potential component units and (b) modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans (for example, certain Section 457 plans). The requirements of this statement are effective as follows: (a) The requirement in (1) paragraph 4 of this statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this statement are effective immediately. (b) The requirements in paragraphs 6–9 of this statement are effective for fiscal years beginning after June 15, 2021. (c) All other requirements of this statement are effective for reporting periods beginning after June 15, 2021. BAHA adopted paragraphs 4 and 5 of this statement in fiscal year 2020 and the remaining paragraphs of this statement in fiscal year 2022. The adoption of the standard has no impact on BAHA's financial statements.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*, establishes the new term *annual comprehensive financial report* and its acronym *ACFR* and replaces instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. The requirements of this statement are effective for reporting periods ending after December 15, 2021. BAHA adopted this standard for fiscal year ended June 30, 2022. The adoption of the standard has no impact on BAHA's financial statements.

GASB Statement No. 99, *Omnibus 2022*, enhances comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB statements and (2) accounting and financial reporting for financial guarantees. The requirements of this statement are effective as follows: (a) The requirements in paragraph 26-32 related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by the pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. (b) The requirements in paragraphs 11-25 related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. (c) The requirements in paragraphs 4-10 related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. BAHA adopted paragraphs 26-32 in fiscal year 2022. The adoption of paragraphs 26-32 have no impact on BAHA's financial statements. Management is currently evaluating the effect of the remaining paragraphs of this statement on BAHA’s financial statements.

GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62,* enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for accounting changes and errors corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Management is currently evaluating the effect of this statement on ’s BAHA statements.

GASB Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences and associated salary-related payments by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statements are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Management is currently evaluating the effect of this statement on BAHA's financial statements.

Cash and Cash Equivalents

BAHA considers all balances in demand deposit accounts, and the California State Local Agency Investment Fund (LAIF) to be cash. The composition of cash and cash equivalents at June 30, 2022 is as follows:

Unrestricted cash and cash equivalents		
Cash at banks	$	14,453,332
LAIF		15,000,000
Total unrestricted cash and cash equivalents	$	29,453,332
Restricted cash		
Cash at banks	$	4,270,329
Money market mutual funds		54,443
Total restricted cash	$	4,324,772

The California State Local Agency Investment Fund (LAIF) is a program created by state statute as an investment alternative for California's local governments and special districts. Deposits in LAIF are presented as cash as they are available for immediate withdrawal or deposit at any time without prior notice or penalty and there is minimal risk of principal. LAIF is unrated.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, BAHA may not be able to recover its deposits that are in the possession of an outside party. All checking accounts are insured by the Federal Depository Insurance Corporation (FDIC) up to the limit of $250,000. Under California Government Code Sections 53651 and 53652, depending on specific types of eligible securities, a bank must deposit eligible securities to be posted as collateral with its agent with the securities having a fair value of 110% to 150% of BAHA's cash on deposit.

Restricted Cash

Restricted cash is the cash restricted for use on capital projects. BAHA's source of the restricted cash was contributions from BATA, which is restricted for capital purposes.

Lease Receivable and Deferred Inflow of Resources from Leases

BAHA, as a lessor, measures the lease receivable at the present value of future lease payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. The deferred inflow of resources is recognized as rental income over the life of the lease term.

The key estimates and judgments used to determine the discount rate, lease term and lease receipts are as follows:

- BAHA uses the estimated incremental borrowing rate of its tenants as the discount rate for leases. For its governmental tenants, BAHA uses the tax-exempt Municipal Market Data (MMD) rate plus the relevant tax point as the discount rate. For its private sector tenants, BAHA uses the weighted average discount rate of similar borrowers.

- The lease term includes the noncancelable period of the lease.

- The lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessees.

BAHA monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Capital Assets

Capital assets, consisting of land, building and improvements, office furniture and equipment, as well as intangible assets, are reported at historical cost. Capital assets are defined by BAHA as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of three years. BAHA's intangible assets consist of purchased commercially available computer software.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized.

Land is not depreciated. The other assets are depreciated using the straight-line method over the following estimated useful lives:

	Years
Building and improvements	7-45
Furniture and equipment	3-25
Intangible assets	5-10

BAHA completed the BAMC renovation in fiscal year 2016. Depreciation of BAMC and the assets therein commenced upon BAMC being available for occupation in May 2016.

Deferred Outflows / Inflows from Pensions and Other Post-Employment Benefits (OPEB)

Deferred outflows of resources and deferred inflows of resources are recognized for:

- Changes in the total pension and OPEB liabilities arising from differences between expected and actual experience with regard to economic or demographic factors.*
- The effects of changes of assumptions about future economic or demographic factors or of other inputs.*
- Difference between projected and actual investment earnings on defined benefit pension and OPEB plan investments.**

*The balances on these accounts are recognized in pension and OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of employees determined as of the beginning of the measurement period.

**This amount is recognized in pension and OPEB expense using a systematic and rational method over a closed five-year period.

Net Pension and OPEB Liabilities / Assets

Net Pension and OPEB Liabilities / Assets are the liabilities employers have for the employee benefits provided through defined benefit pension and OPEB plans. BAHA net pension and OPEB liabilities / assets are derived from BAHA's proportional share of MTC's payroll costs for the relevant measurement year.

Operating and Nonoperating Revenues and Expenses

Operating revenues are revenues recorded from BAMC principal operations. Operating expenses are those related to the facility service activities. Nonoperating revenues and expenses are all other revenues and expenses not related to the facility service activities.

Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net position consists of three sections: Net investment in capital assets, as well as restricted and unrestricted assets, if applicable. Net position is reported as restricted when constraints are imposed by creditors, grantors, contributors, laws or regulations or other governments or enabling legislation. Unrestricted net position is the net amount of the residual value that is not included in the restricted categories of net position. It is BAHA's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Use of Estimates

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

Prior Year Comparative Information

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with BAHA's prior year financial statements, from which this selected financial data was derived.

3. Capital Assets

A summary of capital assets for the period ended June 30, 2022 is as follows:

	Beginning Balance July 1, 2021	Increases	Decreases	Ending Balance June 30, 2022
Capital assets, not being depreciated:				
Land	$ 33,933,809	$ -	$ -	$ 33,933,809
Construction in progress	222,635	242,939	(168,778)	296,796
Total capital assets, not being depreciated	34,156,444	242,939	(168,778)	34,230,605
Capital assets, being depreciated:				
Building and improvements	178,393,120	23,617	-	178,416,737
Furniture and equipment	6,102,509	145,161	-	6,247,670
Tenant improvements	12,881,271	-	-	12,881,271
Intangible assets	1,654,749	-	-	1,654,749
Total capital assets being depreciated	199,031,649	168,778	-	199,200,427
Less accumulated depreciation for:				
Building and improvements	19,730,169	3,989,170	-	23,719,339
Furniture and equipment	3,377,424	558,287	-	3,935,711
Tenant improvements	7,721,073	1,525,156	-	9,246,229
Intangible assets	1,654,748	-	-	1,654,748
Total accumulated depreciation	32,483,414	6,072,613	-	38,556,027
Total capital assets, being depreciated, net	166,548,235	(5,903,835)	-	160,644,400
BAHA capital assets, net	$ 200,704,679	$ (5,660,896)	$ (168,778)	$ 194,875,005

4. Leases

Lessor

BAHA is a lessor that leases office spaces of Bay Area Metro Center (BAMC) at 375 Beale Street, San Francisco to both governmental and private sector tenants. BAHA adopted GASB Statement No. 87 *Leases* for the fiscal year ended June 30, 2022. On the implementation date July 1, 2021, BAHA recognized $35,706,435 lease receivable and deferred inflow of resources.

Summary of BAHA's Leases

BAHA contracted Cushman & Wakefield of California, Inc. (C&W) as its sole agent and granted to C&W the exclusive right to lease rentable space on levels one to five of BAMC to commercial and retail tenants.

In March 2015, BAHA signed its first lease agreement with Rutherford + Chekene (R+C). The lease term is 87 months with the commencement date on June 1, 2016 and expiration date on August 31, 2023. The first three months after the commencement date is the rent abatement period.

In October 2015, BAHA signed a lease agreement with BATA. The original lease term is 44 months with the commencement date on May 1, 2016 and expiration date on December 31, 2019. In April 2019, BAHA and BATA amended the agreement by extending the lease term to November 30, 2022. In March 2022, BAHA received a written notice from BATA that BATA would exercise its extension option to extend the lease for 12 months to November 30, 2023.

In November 2015, BAHA signed a lease agreement with Degenkolb Engineers (Degenkolb). The lease term is 120 months with the commencement date on February 1, 2017.

In January 2016, BAHA signed a lease agreement with Twilio, Inc. (Twilio). The lease term is 96 months with the commencement date in mid-October 2016.

In November 2017, BAHA signed a lease agreement with Cubic Transportation Systems, Inc. (Cubic). Cubic moved into BAMC in mid-April of 2018, and the first month was its rent abatement period. The lease term will end on December 31, 2022.

In April 2019, BAHA signed a lease agreement with the State of California, Bay Conservation and Development Commission (BCDC) to lease office space in BAMC. BCDC moved into BAMC in mid-August 2019, and the lease term will end on August 31, 2027.

The cost of the property on lease and held for leasing is $90,096,177, the carrying value is $70,268,673, and the accumulated depreciation amount is $19,827,504 as of June 30, 2022 and reported as building and improvements.

In fiscal year 2022, BAHA received rental principal of $9,652,919 and interest of $1,056,497. Future lease payments under GASB Statement No. 87 are as follows:

Year Ending June 30	Principal	Interest	Total
2023	$ 9,368,673.00	$ 737,337.00	$ 10,106,010.00
2024	8,338,187	414,105	8,752,292
2025	4,224,104	166,726	4,390,830
2026	2,496,966	88,518	2,585,484
2027	2,100,655	21,042	2,121,697
2028 and after	234,070	146	234,216
Total	$ 26,762,655	$ 1,427,874	$ 28,190,529

5. Employees' Retirement Plan

MTC, the primary government, provides a defined benefit pension plan, the Miscellaneous Employee Pension Plan (the Plan). The Plan is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer defined benefit pension plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. An agent multiple-employer plan is one in which the assets of multiple employers are pooled for investment purposes, but separate accounts are maintained for each individual employer. A menu of benefit provisions as well as other requirements are established by state statutes within the Public Employees' Retirement Law. MTC selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance.

BAHA reports its participation in the Plan under the cost-sharing plan requirements of GASB Statement No. 68. MTC allocated BAHA's pension related balances based on BAHA's proportional share of payroll costs. The percentage of the allocation for fiscal year 2022 is 0.71%, which was based on the fiscal year 2021 measurement year.

In fiscal year 2022, BAHA has pension expense of $6,488, net pension asset of $66,892, deferred outflow of resources from pension of $112,439, and deferred inflow of resources from pension of $169,180.

For additional information on employees' retirement plan, see MTC's Annual Comprehensive Financial Report Note 8.

6. Other Post Employment Benefits (OPEB)

MTC, the primary government, provides post-employment medical coverage to all eligible retired employees and their eligible dependents. MTC established Section 115 irrevocable benefit trust fund for its other post-employment benefit (OPEB) plan with the Public Agency Retirement Services (PARS). The trust is a public agency agent multiple-employer post-retirement health benefit trust which provide public agencies of administration in the funding of each agency's respective other post-employment benefit obligation.

MTC contracts its health benefit program with the Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by CalPERS for both active and retired employees.

MTC's defined benefit OPEB plan provides medical coverage to all eligible retired employees and their eligible dependents. MTC maintains the same medical plans for its retirees as for its active employees. Once a retiree becomes eligible for Medicare, he or she must join a Medicare HMO or a Medicare Supplement plan, with Medicare becoming the primary payer. The costs of the medical benefit are shared between the employer (95%) and retiree (5%) with a cap.

Employees become eligible to retire and receive healthcare benefits upon reaching the age of 50 with 5 years of service with CalPERS agency. Benefits are paid for the lifetime of the retiree, spouse or surviving spouse, and dependents up to the age of 26.

Detailed information about the OPEB plan fiduciary net position is available in the separately issued PARS financial report. Copies of the PARS report may be obtained by writing to PARS, 4350 Von Karman Avenue, Newport Beach, CA 92660, or from PARs' website at www.pars.org.

BAHA reports its participation in the OPEB plan under the cost-sharing plan requirements of GASB Statement No. 75. MTC allocated the OPEB related balances to BAHA based on BAHA's proportional share of payroll cost. The percentage of the allocation for fiscal year 2022 is 0.71%, which was based on the fiscal year 2021 measurement year.

In fiscal year 2022, BAHA has OPEB expense of $17,928, net OPEB asset of $20,155, and deferred outflow of resources from OPEB of $50,427, and deferred inflow of resources from OPEB of $20,710.

For additional information on employees' OPEB plan, see MTC's Annual Comprehensive Financial Report Note 9.

7. Compensated Absences

MTC's regular staff employees accumulate vacation pay and sick leave pay based on the agreement with the Committee for Staff Representation pursuant to the Meyers–Milias–Brown Act. A liability exists for accumulated vacation and sick leave. Unused accumulated sick and vacation leave is paid at the time of employment termination up to a maximum of 240 hours for sick leave.

MTC allocated the compensated absences liability related balance to BAHA based on BAHA's proportional share of payroll costs for the relevant year. The percentage of the allocation for fiscal year 2022 is 0.71%. BAHA has current compensated absences liability of $29,177, and noncurrent liability of $42,257 as of June 30, 2022. For additional information on compensated absences, refer to MTC's Annual Comprehensive Financial Report Note 10.

8. Commitment and Contingencies

BAHA entered into contracts with multiple external parties to perform the building and tenant improvements construction and working space furnishings. As of June 30, 2022, there are approximately $1,451,300 in future capital expenditure commitments.

9. Related Party Transactions

On June 22, 2017, 375 Beale Condominium Corporation ("375 Beale Condo") was incorporated in the State of California. The 375 Beale Condo started to exercise its custodial responsibility on behalf of the three owner occupants, BAHA, BAAQMD, and ABAG on July 1, 2017. The 375 Beale Condo assessed and billed both facility common and agency common assessment fees to meet all required expenditures of the common area and joint used space. Cushman and Wakefield of California, Inc. (C&W) was contracted to provide day-to-day property management services on behalf of the three condominium unit owners.

For the fiscal year 2022, BAHA assessed $4,014,986 from the three condominium owners for the common area operations and refunded $568,144 to condominium owners. As of June 30, 2022, BAHA has $170,174 payables to 375 Beale Condo.

BAHA returned contribution of $1,080,623 to BATA in fiscal year 2022.

Required Supplementary Information

Bay Area Headquarters Authority
A Component Unit of Metropolitan Transportation Commission
Schedule of Proportionate Share of Net Pension Liability / Asset (unaudited)
For the Measurement Periods Ended June 30
Last Ten Years *

Measurement Period	Miscellaneous Plan Tier I & II 2021	Miscellaneous Plan Tier I & II 2020	Miscellaneous Plan Tier I & II 2019	Miscellaneous Plan Tier I & II 2018	Miscellaneous Plan Tier I & II 2017	Miscellaneous Plan Tier I & II 2016
Proportion of the collective net pension liability/asset	0.71%	0.61%	0.91%	0.24%	1.04%	1.20%
Proportionate share of the collective net pension liability/(asset)	$ (66,892)	$ 176,707	$ 318,510	$ 69,659	$ 381,354	$ 415,579
Covered payroll	$ 276,887	$ 221,319	$ 317,485	$ 722,667	$ 967,268	$ 568,340
Proportionate share of the collective net pension liability/(asset) as a percentage of its covered payroll	-24.16%	79.84%	100.32%	9.64%	39.43%	73.12%
Plan's fiduciary net position as a percentage of the Plan's total pension liability / (asset)	107.53%	89.00%	80.75%	82.04%	76.85%	75.59%

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2020 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: None during the years 2019-2021. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent.

* Only six years' data is available.

Bay Area Headquarters Authority
A Component Unit of Metropolitan Transportation Commission
Schedule of Pension Contributions (unaudited)
For the Fiscal Years Ended June 30
Last Ten Years *

Fiscal Year	Miscellaneous Plan Tier I & II 2022	Miscellaneous Plan Tier I & II 2021	Miscellaneous Plan Tier I & II 2020	Miscellaneous Plan Tier I & II 2019	Miscellaneous Plan Tier I & II 2018	Miscellaneous Plan Tier I & II 2017
Actuarially determined contribution	$ 44,970	$ 36,948	$ 63,607	$ 14,432	$ 56,750	$ 62,266
Contributions in relation to the actuarially determined contributions	(79,181)	(63,598)	(143,453)	(14,432)	(56,750)	(62,266)
Contribution deficiency (excess)	$ (34,211)	$ (26,650) (1)	$ (79,846) (1)	$ -	$ -	$ -
Covered payroll (2)	$ 282,514	$ 276,887	$ 221,319	$ 317,485	$ 722,667	$ 967,268
Actual contributions as a percentage of covered payroll	28.03%	30.58%	57.52%	4.55%	7.85%	6.44%

(1) Additional payment above the Actuarially Determined Contribution to paydown the Unfunded Pension Liability.
(2) Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-19.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year 2020-21 were derived from the June 30, 2018 funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method / Period	For details, see June 30, 2018 Funding Valuation Report.
Asset Valuation Method	Fair Value of Assets. For details, see June 30, 2018 Funding Valuation Report.
Inflation	2.5 percent
Salary Increases	Varies by Entry Age and Service
Payroll Growth	2.75 percent
Investment Rate of Return	7.00% Net of Pension Plan Investment and Administrative expenses; includes Inflation.
Retirement Age	The probabilities of retirement are based on the 2017 CalPERS Experience Study or the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

* Only six years' data is available.

Bay Area Headquarters Authority
A Component Unit of Metropolitan Transportation Commission
Schedule of Proportionate Share of Net OPEB Liability / Asset (unaudited)
For the Measurement Periods Ended June 30
Last Ten Years *

Measurement Period	Miscellaneous Plan Tier I & II 2021	Miscellaneous Plan Tier I & II 2020	Miscellaneous Plan Tier I & II 2019	Miscellaneous Plan Tier I & II 2018	Miscellaneous Plan Tier I & II 2017
Proportion of the collective net OPEB liability/(Asset)	0.71%	0.61%	0.91%	1.59%	2.53%
Proportionate share of the collective net OPEB liability/(Asset)	$ (20,155)	$ (39,758)	$ (26,334)	$ 119,233	$ 181,305
Covered-employee payroll	$ 276,887	$ 221,319	$ 317,485	$ 722,667	$ 967,268
Proportionate share of the collective net OPEB liability/(Asset) as a percentage of its covered-employee payroll	-7.28%	-17.95%	-8.29%	16.50%	18.74%
Plan's fiduciary net position as a percentage of the Plan's total OPEB liability	105.69%	114.10%	106.80%	80.98%	80.19%

Notes to Schedule:

Benefit Changes: None in 2021.

Changes of Assumptions: In 2021, medical trend rate for Kaiser Senior Advantage was decreased, mortality improvement scale was updated to Scale MP-2020, and new claims costs and senior advantage age costs were removed. There were no changes in demographic assumptions, the discount rate, or the inflation rate in 2020. In 2019, the demographic assumptions were updated to the CalPERS 1997-2015 Experience Study. Discount rate was decreased from 4.5% in 2020 to 3.75% in 2021. The inflation rate increased from 2.5 percent in 2018 to 2.75 percent in 2019. There no change in inflation rate in 2019-2021.

* Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Bay Area Headquarters Authority
A Component Unit of Metropolitan Transportation Commission
Schedule of OPEB Contributions (unaudited)
For the Fiscal Years Ended June 30
Last Ten Years *

Fiscal Year	Miscellaneous Plan Tier I & II 2022	Miscellaneous Plan Tier I & II 2021	Miscellaneous Plan Tier I & II 2020	Miscellaneous Plan Tier I & II 2019	Miscellaneous Plan Tier I & II 2018
Actuarially determined contribution	$ 21,738	$ 16,422	$ 27,224	$ 52,449	$ 79,919
Contributions in relation to the actuarially determined contributions	(23,983)	(9,935)	(43,342)	(179,767)	(79,919)
Contribution deficiency (excess)	$ (2,245)	$ 6,487	$ (16,118) (1)	$ (127,318) (1)	$ -
Covered-employee payroll for OPEB	$ 282,514	$ 207,952	$ 221,319	$ 317,485	$ 722,667
Actual contributions as a percentage of covered-employee payroll	8.49%	4.78%	19.58%	56.62%	11.06%

(1) The July 1, 2017 actuarial valuation provided the Actuarially Determined Contributions for fiscal years ending 6/30/2018 and 6/30/2019.

(2) Additional payment above the Actuarially Determined Contribution to paydown the Unfunded OPEB Liability.

Notes to Schedule:

Actuarially determined contribution rates are calculated as of June 30, 2020, two years prior to the end of fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level % of pay
Amortization method	Level % of pay
Amortization period	18 years fixed period for 2021/22
Asset valuation method	Investment gains and losses spread over 5-year rolling period
Inflation	2.75 percent
Healthcare cost trend rates	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076
	Medicare - 6.30% for 2021, decreasing to an ultimate rate of 4.0% in 2076
Investment rate of return	4.50 percent
Mortality	CalPERS 1997-2015 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019

* Future years' information will be displayed up to 10 years as information becomes available.

Bay Area Infrastructure Financing Authority

A Component Unit of Metropolitan Transportation Commission

Financial Statements
As of and for the Year Ended June 30, 2022

Final Draft

Bay Area Infrastructure Financing Authority
A Component Unit of Metropolitan Transportation Commission
Table of Contents
For the Year Ended June 30, 2022

INDEPENDENT AUDITOR'S REPORT

Members of the Board
Bay Area Infrastructure Financing Authority
San Francisco, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Bay Area Infrastructure Financing Authority (BAIFA), a component unit of the Metropolitan Transportation Commission, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the BAIFA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the BAIFA, as of June 30, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of BAIFA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

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

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

Report on Partial Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with BAIFA's financial statements for the year ended June 30, 2021, from which such partial information was derived.

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of Toll Revenues and Traffic Count (in Number of Trip Transactions) but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Crowe LLP

San Francisco, California
<>, 2022

Management's Discussion and Analysis

This financial report is designed to provide a general overview of the Bay Area Infrastructure Financing Authority (BAIFA), a blended presented component unit of Metropolitan Transportation Commission (MTC). This Management's Discussion and Analysis (MD&A) presents an overview of the financial activities of BAIFA for the year ended June 30, 2022. The discussion has been prepared by management and should be read in conjunction with the financial statements and the notes which follow.

BAIFA was created on August 1, 2006 by a Joint Exercise of Powers Agreement between MTC and the Bay Area Toll Authority (BATA). In October of 2011, pursuant to California Streets and Highways Code Section 149.7, the California Transportation Commission (CTC) approved MTC's application to develop and operate a 270-mile network of express lanes. Express lanes function as high-occupancy vehicle (HOV) lanes that allow vehicles not meeting HOV eligibility requirements to pay a toll to travel in the lane.

In April of 2013, MTC entered into a cooperative agreement with BAIFA through which MTC delegated the authority to develop and operate the Bay Area Express Lanes network to BAIFA. The planned Bay Area Express Lanes include portions of Interstates 80, 880 and 680. On October 9, 2017, the first MTC express lanes on Interstate 680 between Walnut Creek and San Ramon, both north and south directions, commenced revenue operations. The construction of express lanes on Interstate 880 between Fremont and Oakland was completed and began operations on October 2, 2020. The new segment of southbound express lane on Interstate 680 between Martinez and Walnut Creek opened to traffic in August 2021.

A. Financial Highlights

- Operating revenues from I-880 express lanes reached $46.2 million at the end of the fiscal year 2022.
- With the opening of the new southbound express lane in August 2021, revenues from I-680 express lanes increased from $8 million in fiscal year 2021 to $14.1 million in fiscal year 2022.

B. Overview of the Financial Statements

BAIFA's financial statements include *Statement of Net Position*, *Statement of Revenues, Expenses and Changes in Net Position*, and *Statement of Cash Flows*. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

The *Statement of Net Position* report assets, liabilities, deferred out/inflows of resources, and the difference as net position. The *Statement of Revenues, Expenses, and Changes in Net Position* consists of operating revenues and expenses and nonoperating revenues and expenses. The *Statement of Cash Flows* are presented using the direct method.

Statement of Net Position, *Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows* are presented on pages 9 – 12 of this report.

C. Financial Analysis

Statement of Net Position

The following table is a summary of BAIFA's statement of net position as of June 30 for the last two fiscal years:

	2022	2021
Cash and investments	$ 146,022,714	$ 58,754,615
Accounts receivable	6,132,427	6,074,263
Other assets	431,151	246,570
Capital assets	128,574,595	132,240,118
Total assets	281,160,887	197,315,566
Deferred outflows of resources	805,784	899,991
Current liabilities	10,077,882	16,909,512
Non-current liabilities	225,271	1,220,999
Total liabilities	10,303,153	18,130,511
Deferred inflows of resources	939,492	247,021
Net investment in capital assets	125,441,891	126,984,374
Restricted for capital projects	75,819,437	30,147,355
Unrestricted	69,462,698	22,706,296
Total net position	$ 270,724,026	$ 179,838,025

Cash and investments increased by $87,268 thousand in fiscal year 2022. The increase is mainly a result of the revenue growth from express lane operations and contribution from BATA. Total accounts receivable increased by $58 thousand in fiscal year 2022 from the following: the violation accrual in account receivable decreased by $1,552 thousand in fiscal year 2022 whereas toll revenue receivables increased by $1,437 thousand and accrued interest increased by $173 thousand. Other assets increased by $185 thousand in fiscal year 2022. The increase is the result of an increase in net pension asset offset by a decrease in net OPEB asset. The decrease in capital assets of $3,666 thousand is mainly due to the depreciation of express lanes.

The decrease in current liabilities of $6,832 thousand in fiscal year 2022 is mainly due to the construction completion of I-680 southbound express lane. Non-current liabilities decreased by $996 thousand in fiscal year 2022. The decrease is the result of decrease in net pension liability.

Statement of Revenues, Expenses, and Changes in Net Position

The following table is a summary of BAIFA's statement of revenues, expenses, and changes in net position for the last two fiscal years ended June 30:

	2022		2021
Operating revenues			
Total operating revenues	$ 60,253,182		$ 29,698,089
Operating expenses			
Express lane operating expenses	15,654,158		12,169,290
Other operating expenses	15,704,700		14,245,908
Total operating expenses	31,358,858		26,415,198
Net operating income	28,894,324		3,282,891
Nonoperating revenues (expenses)			
Interest income	228,156		67,511
Distribution to other agencies for their capital purposes	-		(50,491,116)
Distribution to other agencies	(17,163,246)	*	-
Capital, operating and maintenance expenses for other agencies	(17,016,040)	*	-
Contribution from BATA	95,000,000		-
Other nonoperating and miscellaneous revenues	942,807		96,371
Total nonoperating revenues (expenses)	61,991,677		(50,327,234)
Change in net position	90,886,001		(47,044,343)
Net position - beginning	179,838,025		226,882,368
Net position - ending	$ 270,724,026		$ 179,838,025

* In fiscal year 2022, Distribution to other agencies for their capital purposes is reclassified to Distribution to other agencies and Capital, operating and maintenance expenses for other agencies.

BAIFA's operating revenues increased by $30.5 million in fiscal year 2022. Compared to fiscal year 2021, total revenues from I-880 express lanes increased from $21.7 million to $46.2 million; and revenues from I-680 express lane reached to $14.1 million from $8 million in fiscal year 2021.

Operating expenses increased by $4.9 million in fiscal year 2022. The increase in fiscal year 2022 is mainly a result of $3.5 million increase in professional fee expense from the increase of traffic volume. Depreciation expense increased from $9.4 million to $11.2 million in fiscal year 2022.

BAIFA had a total nonoperating revenues of $62.0 million in fiscal year 2022 whereas a total nonoperating expenses of $50.3 million in fiscal year 2021. In fiscal year 2022, BAIFA received $95 million contribution from BATA for its San Mateo County Highway 101 express lane project and total distribution to other agencies decreased by $16.3 million. Nonoperating and miscellaneous revenues increased by $846 thousand, and interest income increased by $161 thousand.

D. Notes to the Financial Statements

The notes to the financial statements, beginning on page 13, provide additional information that is essential to a full understanding of the data provided in this management discussion and analysis as well as the financial statements.

E. Economic Factors

While the general economic picture nationally and regionally has stabilized over the past eighteen months from the challenges posed by the COVID-19 pandemic and ensuing "flash" recession, there are new challenges that MTC and associated agencies must face over FY 2022-23 and beyond.

Inflation has been running very high since early 2021. Inflationary pressures have included supply chain challenges, extremely low unemployment (driven in part by low labor force participation), and the war in Ukraine. For the first several months of this inflationary trend, the Federal Reserve believed these inflationary pressures to be "transitory" (that is, short-term in nature). As it has become clear that these increases are not, in fact, transitory, the Federal Reserve has initiated an assertive campaign of unwinding its monetary stimulus by increasing short-term interest rates and reducing its balance sheet. In pursuing this campaign, the Federal Reserve is attempting to navigate to an economic "soft landing," in which inflation is reduced, unemployment levels remain acceptable (if somewhat higher than current), and the national economy avoids recession.

Unfortunately, steering the economy to a soft landing is an uncertain enterprise, and it is possible that the Federal Reserve may overshoot, increasing interest rates to a point that the economy goes into recession, or that today's inflationary pressures are such that increases in interest rates are insufficient to address them. Either of these could significantly increase financial risk to BAIFA.

In the San Francisco Bay Area, the overall economy continues to be strong, with robust growth in sales tax revenue, unemployment rates notably lower than national and statewide rates, and inflation which, while high, is lower than national averages as well as other major metropolitan areas in California.

Pandemic related effects in the Bay Area continue, primarily with respect to the issue of "return-to-office". Office occupancy is down sharply and vacancy rates are up relative to pre-pandemic levels. These trends are likely to have uneven effects across the area, with San Francisco facing significant headwinds on this issue.

Requests for information

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Treasurer, Bay Area Infrastructure Financing Authority, 375 Beale Street, Suite 800, San Francisco, CA 94105.

Bay Area Infrastructure Financing Authority
A Component Unit of Metropolitan Transportation Commission
Statement of Net Position
June 30, 2022
(With comparative information for the prior year)

	2022	2021
Assets		
Current assets		
Cash - unrestricted	$ 70,203,277	$ 28,607,260
Accounts receivable	3,040,313	3,585,909
Interest receivable	172,928	248
Due from BATA	2,919,186	-
Due from other governments	-	2,488,106
Prepaid expenses	488	-
Total current assets	76,336,192	34,681,523
Non-current assets		
Cash - restricted	5,796,181	20,347,600
Investments - restricted	70,023,256	9,799,755
Net pension asset	330,948	-
Net OPEB asset	99,715	246,570
Capital assets, not being depreciated	7,873,447	19,698,357
Capital assets, net of accumulated depreciation	120,701,148	112,541,761
Total non-current assets	204,824,695	162,634,043
Total Assets	281,160,887	197,315,566
Deferred outflows of resources		
Deferred outflows from pension	556,297	746,786
Deferred outflows from OPEB	249,487	153,205
Total deferred outflows of resources	805,784	899,991
Liabilities		
Current liabilities		
Accounts payable	6,800,041	9,453,319
Retention payable	1,993,726	3,965,495
Accrued liabilities	866,583	3,057,541
Due to BATA	261,992	-
Due to other governments	-	232,397
Compensated absences liability	155,540	200,760
Total current liabilities	10,077,882	16,909,512
Non-current liabilities		
Net pension liability	-	1,095,905
Compensated absences liability	225,271	125,094
Total non-current liabilities	225,271	1,220,999
Total Liabilities	10,303,153	18,130,511
Deferred inflows of resources		
Deferred inflows from pension	837,030	113,450
Deferred inflows from OPEB	102,462	133,571
Total deferred inflows of resources	939,492	247,021
Net Position		
Net investment in capital assets	125,441,891	126,984,374
Restricted (expendable) for capital projects	75,819,437	30,147,355
Unrestricted	69,462,698	22,706,296
Total net position	$ 270,724,026	$ 179,838,025

The accompanying notes are an integral part of these financial statements.

Bay Area Infrastructure Financing Authority
A Component Unit of Metropolitan Transportation Commission
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2022
(With comparative information for the prior year)

	2022	2021
Operating Revenues		
Toll revenues	$ 52,398,523	$ 21,179,380
Other operating revenues	7,854,659	8,518,709
Total operating revenues	60,253,182	29,698,089
Operating Expenses		
Salaries and benefits	2,156,932	2,554,846
Professional fees	15,654,158	12,169,290
Bank charges	1,126,554	636,355
Overhead	1,173,863	1,413,597
Depreciation	11,204,317	9,367,884
Other operating expenses	43,034	273,226
Total operating expenses	31,358,858	26,415,198
Operating income / (loss)	28,894,324	3,282,891
Nonoperating Revenues (Expenses)		
Interest income	228,156	67,511
Distribution to other agencies for their capital purposes	-	(50,491,116)
Distribution to other agencies	(17,163,246) *	-
Capital, operating and maintenance expenses for other agencies	(17,016,040) *	-
Contribution from BATA	95,000,000	-
Other non-operating and miscellaneous revenues	942,807	96,371
Total nonoperating revenues (expenses)	61,991,677	(50,327,234)
Change in Net Position	90,886,001	(47,044,343)
Net Position - Beginning of year	179,838,025	226,882,368
Net Position - Ending of year	$ 270,724,026	$ 179,838,025

* In fiscal year 2022, Distribution to other agencies for their capital purposes is reclassified to Distribution to other agencies and Capital, operating and maintenance expenses for other agencies.

The accompanying notes are an integral part of these financial statements.

Bay Area Infrastructure Financing Authority
A Component Unit of Metropolitan Transportation Commission
Statement of Cash Flows
For the Year Ended June 30, 2022
(With Comparative information for the prior year)

	2022		2021
Cash flows from operating activities			
Cash receipts from users / operations	$ 61,384,477		$ 24,139,653
Other cash receipts	-		96,371
Cash payments to suppliers for goods and services	(33,403,333)		(15,767,131)
Cash payments for employee salaries and benefits	(2,615,878)		(2,395,099)
Other cash payments	(44,376)		-
Net cash provided by operating activities	25,320,890		6,073,794
Cash flows from non-capital financing activities			
Distribution to other agencies	(23,300,978)	*	(44,692,629)
Contribution from BATA to BAIFA	95,000,000		-
Net cash provided by / (used in) non-capital financing activities	71,699,022		(44,692,629)
Cash flows from capital and related financing activities			
Acquisition of capital assets	(9,807,289)		(17,178,396)
Net cash used in capital and related financing activities	(9,807,289)		(17,178,396)
Cash flows from investing activities			
Proceeds from maturities of investments	74,671,630		176,934,364
Purchase of investments	(134,895,131)		(95,763,028)
Interest and dividends on investments	55,476		77,518
Net cash provided by / (used in) investing activities	(60,168,025)		81,248,854
Net increase in cash	27,044,598		25,451,623
Cash - Beginning of year	48,954,860		23,503,237
Cash - End of year	$ 75,999,458		$ 48,954,860

* In fiscal year 2022, Distribution to other agencies for their capital purpose is broken down to Distribution to other agencies and Capital, operating and maintenance expenses for other agencies (refer to ** in reconciliation of operating activities).

The accompanying notes are an integral part of these financial statements.

Bay Area Infrastructure Financing Authority
A Component Unit of Metropolitan Transportation Commission
Statement of Cash Flows
For the Year Ended June 30, 2022
(With Comparative information for the prior year)

Reconciliation of operating income / (loss) to net cash provided by operating activities	**2022**		**2021**
Operating income	$ 28,894,324		$ 3,282,891
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	11,204,317		9,367,884
Other revenues / (expenses)	(44,376)		96,371
Capital, operating and maintenance expenses for other agencies	(17,082,240)	**	-
Net effect of changes in:			
Accounts receivable	1,532,780		(3,367,972)
Prepaid expenses	(488)		264
Deferred outflows from pension	190,489		(438,399)
Deferred outflows from OPEB	(96,282)		(50,700)
Accounts payable and accrued expenses	1,656,420		(1,254,343)
Due from/(to) BATA RCSC	(401,485)		(2,190,464)
Net pension liability / asset	(1,426,853)		643,559
Net OPEB liability / asset	146,855		(209,171)
Compensated absences liability	54,957		57,471
Deferred inflows from pension	723,580		37,289
Deferred inflows from OPEB	(31,108)		99,114
Net cash provided by operating activities	$ 25,320,890		$ 6,073,794

** In fiscal year 2022, Distribution to other agencies for their capital purpose is broken down to Distribution to other agencies (refer to * in cash flow from non-capital financing activities) and Capital, operating and maintenance expenses for other agencies.

Significant Noncash Investing, Capital, and Financing Activities		
Acquisition of capital assets under accounts payable and accrued liabilities	$ 3,132,704	$ 1,290,249

The accompanying notes are an integral part of these financial statements.

1. Reporting Entity

The Bay Area Infrastructure Financing Authority (BAIFA) was established on August 1, 2006 pursuant to the California Joint Exercise of Powers Act (Act) consisting of Sections 6500 through 6599.2 of the California Government Code. The Act provides for the joint exercise of powers common to Metropolitan Transportation Commission (MTC) and the Bay Area Toll Authority (BATA). BAIFA was authorized to obtain funding in the form of grants, contributions, appropriations, loans and other assistance from the United States government and from the State of California (the State) and apply funds received to pay debt service on notes issued by BAIFA to finance or refinance public transportation and related capital improvements projects.

In October 2011, MTC obtained the approval from the California Transportation Commission (CTC) to develop and operate a 270-mile network of express lanes in the Bay Area. On March 27, 2013, the Joint Exercise of Powers Agreement between MTC and BATA dated August 1, 2006 was amended to authorize BAIFA to undertake programs and projects, including the development, financing, and operation of high-occupancy toll lanes in MTC's jurisdiction. In April 2013, MTC delegated its express lane authority to BAIFA through a cooperative agreement. The first BAIFA express lanes on Interstate 680 between Walnut Creek and San Ramon, both north and south directions, opened to traffic and started its revenue operations on October 9, 2017. Interstate 880 47-mile express lanes started to collect toll revenues in October 2020, and a new 11-mile of Interstate 680 south bound express lane opened to traffic in August 2021.

In April, 2022, the Joint Power Agreement between MTC and BATA was amended. The amendment modifies the composition of BAIFA's board. Previously BAIFA's governing body consisted of six members: the chairs of MTC and BATA Oversight Committees, three members of MTC appointed by the board of supervisors of Alameda County, Contra Costa County, and Solano County, and, as a nonvoting member, the representative appointed to MTC by the secretary of the Business, Transportation and Housing Agency. The composition of the board now matches the composition of MTC's board. As a result of the new board composition, BAIFA meets the blending criteria under paragraph 53 of GASB 14, *The Financial Reporting Entity*, as amended by GASB No. 61. In fiscal year 2022, BAIFA financial is presented as a blended component unit of MTC as a major enterprise fund.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements for BAIFA have been prepared in accordance with accounting principles generally accepted in the United States of America using the economic resources measurement focus and the accrual basis of accounting.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

BAIFA follows Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion & Analysis – for State and Local Governments* as amended.

New Accounting Pronouncements

GASB Statement No. 87, *Leases*, has an objective to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. BAIFA adopted this standard for fiscal year ended June 30, 2022. The adoption of the standard has no impact on BAIFA's financial statements.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. This statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. BAIFA adopted this standard for fiscal year ended June 30, 2022. The adoption of the standard has no impact on BAIFA's financial statements.

GASB Statement No. 91, *Conduit Debt Obligations,* provides a single method of reporting conduit debt obligations. 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. The requirements of this statement are effective for reporting periods beginning after December 15, 2021. Management is currently evaluating the effect of this statement on BAIFA's financial statements.

GASB Statement No. 92, *Omnibus 2020*, establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance related activities of public entity risk pools, fair value measurements, and derivative instruments. The initial requirements of this statement are effective as follows: (a) The requirements in paragraphs 4, 5, 11, and 13 were effective upon issuance. (b) The requirements in paragraphs 6 and 7 are effective for fiscal years beginning after June 15, 2021. (c) The requirements in paragraphs 8, 9, and 12 are effective for reporting periods beginning after June 15, 2021. (d) The requirements in paragraph 10 are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021. BAIFA adopted paragraphs 4, 5, 11 and 13 of this statement in fiscal year 2020. BAIFA adopted the remaining paragraphs of this standard for fiscal year ended June 30, 2022. The adoption of the standard has no impact on BAIFA's financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates (IBOR),* establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this statement, except for paragraphs 11b, 13, and 14 were effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter. The adoption of the remaining paragraphs has no impact on BAIFA's financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)*, establishes standards of accounting and financial reporting for PPPs and APAs for governments. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. Management is currently evaluating the effect of this statement on BAIFA's financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, establishes standards of accounting and financial reporting for SBITAs by a government end user (a government). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. Management is currently evaluating the effect of this statement on BAIFA's financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, (a) clarifies how the absence of a governing board should be considered in determining whether a primary government is financially accountable for purposes of evaluating potential component units and (b) modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans (for example, certain Section 457 plans). The requirements of this statement are effective as follows: (a) The requirement in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. (b) The requirements in paragraphs 6–9 of this Statement are effective for fiscal years beginning after June 15, 2021. (c) All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. BAIFA adopted paragraphs 4 and 5 of this statement in fiscal year 2020 and the remaining paragraphs of this statement in fiscal year 2022. The adoption of the standard has no impact on BAIFA's financial statements.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*, establishes the new term *annual comprehensive financial report* and its acronym *ACFR* and replaces instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. The requirements of this statement are effective for reporting periods ending after December 15, 2021. BAIFA adopted this standard for fiscal year ended June 30, 2022. The adoption of the standard has no impact on BAIFA's standalone financial statements.

GASB Statement No. 99, *Omnibus 2022,* enhances comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB statements and (2) accounting and financial reporting for financial guarantees. The requirements of this statement are effective as follows: (a) The requirements in paragraph 26-32 related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by the pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. (b) The requirements in paragraphs 11-25 related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. (c) The requirements in paragraphs 4-10 related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. BAIFA adopted paragraphs 26-32 in fiscal year 2022. The adoption of the paragraphs 26-32 has no impact on BAIFA's financial statements. Management is currently evaluating the effect of the remaining paragraphs of this statement on BAIFA’s financial statements.

GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62,* enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for accounting changes and errors corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Management is currently evaluating the effect of this statement on BAIFA’s financial statements.

GASB Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences and associated salary-related payments by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statements are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Management is currently evaluating the effect of this statement on BAIFA's financial statements.

Cash and Investments

BAIFA invests its available cash under the prudent investor rule. The prudent investor rule states, in essence, that “in investing … property for the benefit of another, a trustee shall exercise the judgment and care, under the circumstance then prevailing, which people of prudence, discretion, and intelligence exercise in the management of their own affairs ”. This policy affords BAIFA a broad spectrum of investment opportunities as long as the investment is deemed prudent and is authorized under the California Government Code Sections 53600, et seq. Allowable investments include the following:

- Securities of the U.S. Government or its agencies
- Securities of the State of California or its agencies

- Certificates of deposit issued by a nationally or state-chartered bank
- Authorized pooled investment programs
- Commercial paper – Rated “A1” or “P1”
- Corporate notes – Rated “A” or better
- Municipal bonds
- Mutual funds – Rated “AAA”
- Other investment types authorized by state law and not prohibited in MTC's investment policy.

BAIFA applies the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, as amended (including by GASB Statement No. 72, *Fair Value Measurement and Application*), which generally requires investments to be recorded at fair value with the difference between cost and fair value recorded as an unrealized gain or loss. BAIFA reports its money market securities and short-term investments at cost. This is permissible under this standard provided those investments have a remaining maturity at the time of purchase of one year or less and that the fair value of those investments is not significantly affected by the credit standing of the issuer or other factors. Net increases or decreases in the fair value of investments are shown in the Statement of Revenues, Expenses and Changes in Net Position as interest income.

BAIFA considers all balances in demand deposit accounts, the California State Local Agency Investment Fund (LAIF), and the California Asset Management Program (CAMP) to be cash and classifies all other highly liquid short-term investments as cash equivalents. Highly liquid short-term investments are cash equivalents that meet the following definitions:

- Readily convertible to known amounts of cash.
- So near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Restricted Cash

Restricted cash is restricted for uses on capital projects.

Prepaid Expenses

Certain payments to vendors applicable to future accounting periods are recorded as prepaid expenses based on the consumption method.

Capital Assets

Capital assets, consisting of construction in progress, furniture and equipment, as well as intangible assets, are reported at historical cost. Capital assets are defined by BAIFA as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of three years. BAIFA's intangible assets consist of purchased or licensed commercially available computer software and internally developed software.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized.

Construction in progress is not depreciated. The other assets are depreciated using the straight-line method over the following estimated useful lives:

	Years
Furniture and equipment	3-25
Intangible assets	5-10

Net OPEB Asset

Net OPEB asset is the asset that employers have from the excess of the contribution to the OPEB plan. BAIFA net OPEB asset is derived from BAIFA's proportional share of MTC's payroll cost for the relevant measurement year.

Net Pension Liability / Asset

The net pension liability is the liability employers have for the employee benefits provided through the defined benefit pension plan. BAIFA net pension liability is derived from BAIFA's proportional share of MTC's payroll costs for the relevant measurement year.

Deferred Outflows / Inflows of Resources from Pensions and Other Post-Employment Benefits (OPEB)

Deferred outflows of resources and deferred inflows of resources are recognized for:

- Changes in the total pension and OPEB liabilities arising from differences between expected and actual experience with regard to economic or demographic factors.*

- The effects of changes of assumptions about future economic or demographic factors or of other inputs.*

- Difference between projected and actual investment earnings on defined benefit pension and OPEB plan investments.**

*The balances on these accounts are recognized in pension and OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of employees determined as of the beginning of the measurement period.

**This amount is recognized in pension and OPEB expense using a systematic and rational method over a closed five-year period.

Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net position consists of three sections: Net investment in capital assets, as well as restricted and unrestricted assets, if applicable. Net position is reported as restricted when constraints are imposed by creditors, grantors, contributors, laws or regulations or other governments or enabling legislation. Unrestricted net position is the net amount of the residual value that is not included in the restricted categories of net position. It is BAIFA's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Toll Revenues

BAIFA recognizes the toll revenue as amounts are earned from the utilization of the express lanes.

Other Operating Revenues

BAIFA recognizes the violation fees and penalties earned as other operating revenues.

Operating and Nonoperating Revenues and Expenses

Operating revenues are revenues recorded from BAIFA’s principal operations. Operating expenses are those related to the entity’s service activities. Nonoperating revenues and expenses are all other revenues and expenses not related to the entity’s service activities.

Distributions to Other Agencies

Expenses are recorded or accrued related to the period to the extent the invoices are received by BAIFA through 60 days after the end of the fiscal year.

Capital, Operating and Maintenance Expenses for other agencies

Expenses incurred by BAIFA for other agencies' capital projects, operating and maintenance cost.

Use of Estimates

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

Prior Year Comparative Information

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with BAIFA's prior year financial statements, from which this selected financial data was derived.

3. Cash and Investments

A. A summary of Cash and Investments as shown on the Statement of Net Position at June 30, 2022 is as follows:

Cash - unrestricted	$ 70,203,277
Cash - restricted	5,796,181
Investments - restricted	70,023,256
Total Restricted Cash and Investments	75,819,437
Total Cash and Investments	$ 146,022,714

B. The composition of cash at June 30, 2022 is as follows:

Cash at banks	$ 31,903,110
Money market mutual funds	84,443
Government Pools	
California Asset Management Program	11,905
Local Agency Investment Fund	44,000,000
Total Cash	$ 75,999,458

Investments

GASB Statement No. 72 sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1), and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in active markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets measured at fair value at June 30, 2022:

Government-sponsored enterprises notes: These investments are valued on the basis of prices provided by ICE Data Pricing and Reference Data LLC. In determining the value of a particular investment at bid, pricing services may use certain information with respect to transactions in such investments, quotations from dealers, pricing matrices and market transactions in comparable investments and various relationships between investments.

The following tables set forth by level, within the fair value hierarchy, BAIFA's investments at fair value.

Investments by fair value level at June 30, 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
U.S. Treasury	$ -	$ 39,984,813	$ -	$ 39,984,813
Government Sponsored Enterprises:				
Federal Home Loan Bank		$ 30,038,443		$ 30,038,443
Total Investments Measured at Fair Value	$ -	$ 70,023,256	$ -	$ 70,023,256

C. Deposit and Investment Risk Factors

There are many factors that can affect the value of deposits and investments such as credit risk, custodial credit risk, concentration of credit risk, and interest rate risk.

i.) Credit Risk

Generally, credit risk is the risk that an issuer of an investment fails to 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. The U.S. Treasury and Government-Sponsored Enterprises (GSE) holdings carry "AA+/Aaa/AAA" ratings from Standard & Poor's, Moody's and Fitch, respectively.

ii.) Custodial Credit Risk

Custodial credit risk is the risk that securities held by the custodian and in the custodian's name may be lost and not be recovered.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, BAIFA may not be able to recover its deposits that are in the possession of an outside party. All checking accounts are insured by the Federal Depository Insurance Corporation (FDIC) up to the limit of $250,000.

Under California Government Code Sections 53651 and 53652, depending on specific types of eligible securities, a bank must deposit eligible securities to be posted as collateral with its agent with the securities having a fair value of 110% to 150% of BAIFA's cash on deposit.

iii.) Concentration of Credit Risk

Investments in issuers that represent 5 percent or more of total investments at June 30, 2022 are as follows:

U.S. Treasury	57%
Federal Home Loan Bank (FHLB)	43%

iv.) Interest Rate Risk

The weighted average maturities of BAIFA's U.S. Treasury and GSE securities (expressed in number of years) at June 30, 2022 are as follows:

U.S. Treasury	0.14 years
Government-Sponsored Enterprises	
Federal Home Loan Bank (FHLB)	0.09 years

4. Capital Assets

A summary of capital assets for the period ended June 30, 2022 is as follows:

	Beginning Balance 7/1/2021	Increases	Decreases	Ending Balance 6/30/2022
Capital assets, not being depreciated				
Construction in progress	$ 19,698,357	$ 7,090,417	$(18,915,327)	$ 7,873,447
Total capital assets, not being depreciated	19,698,357	7,090,417	(18,915,327)	7,873,447
Capital assets, being depreciated:				
Furniture and equipment	107,255,923	18,821,239	-	126,077,162
Intangible assets	24,686,410	542,465	-	25,228,875
Total capital assets being depreciated	131,942,333	19,363,704	-	151,306,037
Less accumulated depreciation for:				
Furniture and equipment	10,101,664	8,436,105	-	18,537,769
Intangible assets	9,298,908	2,768,212	-	12,067,120
Total accumulated depreciation	19,400,572	11,204,317	-	30,604,889
Total capital assets, being depreciated, net	112,541,761	8,159,387	-	120,701,148
Total capital assets, net	$132,240,118	$15,249,804	$(18,915,327)	$ 128,574,595

5. Employees' Retirement Plan

MTC, the primary government, provides a defined benefit pension plan, the Miscellaneous Employee Pension Plan (the Plan). The Plan is part of the Public Agency portion of the California Public

Employees' Retirement System (CalPERS), an agent multiple-employer defined benefit pension plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. An agent multiple-employer plan is one in which the assets of multiple employers are pooled for investment purposes, but separate accounts are maintained for each individual employer. A menu of benefit provisions as well as other requirements are established by state statutes within the Public Employees' Retirement Law. MTC selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance.

BAIFA reports its participation in the Plan under the cost-sharing plan requirements of GASB Statement No. 68. MTC allocated BAIFA's pension related balances based on BAIFA's proportional share of payroll costs. The percentage of the allocation for the fiscal year 2022 is 3.51%, which was based on the fiscal year 2021 measurement year.

In fiscal year 2022, BAIFA has a credit in pension expense of $61,260, net pension asset of $330,948, deferred outflows of resources from pension $556,297, and deferred inflows of resources from pension of $837,030.

For additional information on employees' retirement plan, refer to MTC's Annual Comprehensive Financial Report Note 8. A copy of MTC's Annual Comprehensive Financial Report may be obtained by writing to the Chief Financial Officer, Metropolitan Transportation Commission, 375 Beale Street, Suite 800, San Francisco, CA 94105.

6. Other Post Employment Benefits (OPEB)

MTC, the primary government, provides post-employment medical coverage to all eligible retired employees and their eligible dependents. MTC established Section 115 irrevocable benefit trust fund for its other post-employment benefit (OPEB) plan with the Public Agency Retirement Services (PARS). The trust is a public agency agent multiple-employer post-retirement health benefit trust which provide public agencies of administration in the funding of each agency's respective other post-employment benefit obligation.

MTC contracts its health benefit program with the Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by CalPERS for both active and retired employees.

MTC's defined benefit OPEB plan provides medical coverage to all eligible retired employees and their eligible dependents. MTC maintains the same medical plans for its retirees as for its active employees. Once a retiree becomes eligible for Medicare, he or she must join a Medicare HMO or a Medicare Supplement plan, with Medicare becoming the primary payer. The costs of the medical benefit are shared between the employer (95%) and retiree (5%) with a cap.

Employees become eligible to retire and receive healthcare benefits upon reaching the age of 50 with 5 years of service with CalPERS agency. Benefits are paid for the lifetime of the retiree, spouse or surviving spouse, and dependents up to the age of 26.

Detailed information about the OPEB plan fiduciary net position is available in the separately issued PARS financial report. Copies of the PARS report may be obtained by writing to PARS, 4350 Von Karman Avenue, Newport Beach, CA 92660, or from PARs' website at www.pars.org.

BAIFA reports its participation in the OPEB plan under the cost-sharing plan requirements of GASB Statement No. 75. MTC allocated the OPEB related balances to BAIFA based on BAIFA's proportional share of payroll costs. The percentage of the allocation for fiscal year 2022 is 3.51%, which was based on the fiscal year 2021 measurement year.

In fiscal year 2022, BAIFA has $142,537 in OPEB expenses, net OPEB asset of $99,715, deferred outflows of resources from OPEB of $249,487, and deferred inflows of resources from OPEB of $102,462.

For additional information on employees' OPEB plan, refer to MTC's Annual Comprehensive Financial Report Note 9.

7. Compensated Absences

MTC's regular staff employees accumulate vacation pay and sick leave pay based on the agreement with the Committee for Staff Representation pursuant to the Meyers–Milias–Brown Act. A liability exists for accumulated vacation and sick leave. Unused accumulated sick and vacation leave is paid at the time of employment termination up to a maximum of 240 hours for sick leave.

MTC allocated the compensated absences liability related balance to BAIFA based on BAIFA's proportional share of payroll costs for the relevant year. In fiscal year 2021, BAIFA's percentage is 3.51% and has a compensated absences liability of $155,540 for short term and $225,271 for long term. For additional information on compensated absences, refer to MTC's Annual Comprehensive Financial Report Note 10.

8. Commitment and Contingencies

BAIFA entered into contracts with external parties to construct express lanes, provide traffic control in the construction area, and develop the toll collection system. As of June 30, 2022, there are approximately $45,029,000 in future capital expenditure commitments.

9. Related Party Transactions

BATA administers the FasTrak® system in the San Francisco Bay Area, and all FasTrak® accounts are processed by BATA's Regional Customer Service Center ("BATA's RCSC"). In January 2017, BAIFA signed a cooperative agreement with BATA for the use of FasTrak® system for the express lanes toll facilities and FasTrak® accounts as the payment device for users of the express lanes.

BATA, through BATA's RCSC, processes all trip records received by BAIFA, and charges BAIFA for all services provided in accordance with fee schedules provided by BATA to BAIFA.

In fiscal year 2022, BATA charged BAIFA $225,000 for total monthly fee and $1,126,554 for bank charge of transactions processed.

BATA contributed $95 million to BAIFA for its San Mateo County Highway 101 express lane project per board approved budget in fiscal year 2022.

Required Supplementary Information

Bay Area Infrastructure Financing Authority
A Component Unit of Metropolitan Transportation Commission
Schedule of Proportionate Share of Net Pension Liability / Asset (unaudited)
For the Measurement Periods Ended June 30
Last Ten Years *

Measurement Period	Miscellaneous Plan Tier I & II 2021	Miscellaneous Plan Tier I & II 2020	Miscellaneous Plan Tier I & II 2019	Miscellaneous Plan Tier I & II 2018	Miscellaneous Plan Tier I & II 2017
Proportion of the collective net pension liability/asset	3.51%	3.78%	1.29%	0.01%	0.24%
Proportionate share of the collective net pension liability/(asset)	$ (330,948)	$ 1,095,905	$ 452,346	$ (3,392)	$ 87,276
Covered payroll	$ 1,369,905	$ 1,372,583	$ 450,889	$ 407,062	$ -
Proportionate share of the collective net pension liability/(asset) as a percentage of its covered payroll	-24.16%	79.84%	100.32%	-0.83%	NA
Plan's fiduciary net position as a percentage of the Plan's total pension liability	107.53%	89.00%	80.75%	82.04%	76.85%

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2020 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: None during the years 2019-2021. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent.

* Only five years' data is available.

Bay Area Infrastructure Financing Authority
A Component Unit of Metropolitan Transportation Commission
Schedule of Pension Contributions (unaudited)
For the Fiscal Years Ended June 30
Last Ten Years *

	Miscellaneous Plan Tier I & II		Miscellaneous Plan Tier I & II		Miscellaneous Plan Tier I & II		Miscellaneous Plan Tier I & II	Miscellaneous Plan Tier I & II
Fiscal Year	**2022**		**2021**		**2020**		**2019**	**2018**
Actuarially determined contribution	$ 222,489		$ 186,543		$ 90,334		$ 703	$ 12,988
Contributions in relation to the actuarially determined contributions	(391,749)		(479,033)		(203,731)		(703)	(12,988)
Contribution deficiency (excess)	$ (169,260)		$ (292,490)	(1)	$ (113,397)	(1)	$ -	$ -
Covered payroll (2)	$ 1,397,744		$ 1,369,905		$ 1,372,583		$ 450,889	$ 407,062
Actual contributions as a percentage of covered payroll	28.03%		30.58%		15.46%		0.16%	3.19%

(1) Additional payment above the Actuarially Determined Contribution to paydown the Unfunded Pension Liability.
(2) Includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-19.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year 2020-21 were derived from the June 30, 2018 funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method / Period	For details, see June 30, 2018 Funding Valuation Report.
Asset Valuation Method	Fair Value of Assets. For details, see June 30, 2018 Funding Valuation Report.
Inflation	2.5 percent
Salary Increases	Varies by Entry Age and Service
Payroll Growth	2.75 percent
Investment Rate of Return	7.00% Net of Pension Plan Investment and Administrative expenses; includes Inflation.
Retirement Age	The probabilities of retirement are based on the 2017 CalPERS Experience Study or the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

* Only five years' data is available.

Bay Area Infrastructure Financing Authority
A Component Unit of Metropolitan Transportation Commission
Schedule of Proportionate Share of Net OPEB Liability / Asset (unaudited)
For the Measurement Periods Ended June 30
Last Ten Years *

Measurement Period	Miscellaneous Plan Tier I & II 2021	Miscellaneous Plan Tier I & II 2020	Miscellaneous Plan Tier I & II 2019	Miscellaneous Plan Tier I & II 2018	Miscellaneous Plan Tier I & II 2017
Proportion of the collective net OPEB liability/(Asset)	3.51%	3.78%	1.29%	0.79%	0.71%
Proportionate share of the collective net OPEB liability/(Asset)	$ (99,715)	$ (246,570)	$ (37,399)	$ 59,445	$ 51,021
Covered-employee payroll	$ 1,369,905	$ 1,372,738	$ 1,317,380	$ 450,889	$ 407,062
Proportionate share of the collective net OPEB liability/(Asset) as a percentage of its covered-employee payroll	-7.28%	-17.96%	-2.84%	13.18%	12.53%
Plan's fiduciary net position as a percentage of the Plan's total OPEB liability	105.69%	114.10%	106.80%	80.98%	80.19%

Notes to Schedule:

Benefit Changes: None in 2021.

Changes of Assumptions: In 2021, medical trend rate for Kaiser Senior Advantage was decreased, mortality improvement scale was updated to Scale MP-2020, and new claims costs and senior advantage age costs were removed. There were no changes in demographic assumptions, the discount rate, or the inflation rate in 2020. In 2019, the demographic assumptions were updated to the CalPERS 1997-2015 Experience Study. Discount rate was decreased from 4.5% in 2020 to 3.75% in 2021. The inflation rate increased from 2.5 percent in 2018 to 2.75 percent in 2019. There no change in inflation rate in 2019-2021.

* Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Bay Area Infrastructure Financing Authority
A Component Unit of Metropolitan Transportation Commission
Schedule of OPEB Contributions (unaudited)
For the Fiscal Years Ended June 30
Last Ten Years *

	Miscellaneous Plan Tier I & II	Miscellaneous Plan Tier I & II	Miscellaneous Plan Tier I & II	Miscellaneous Plan Tier I & II	Miscellaneous Plan Tier I & II
Fiscal Year	**2022**	**2021**	**2020**	**2019**	**2018**
Actuarially determined contribution	$ 107,548	$ 82,910	$ 38,663	$ 26,149	$ 22,490
Contributions in relation to the actuarially determined contributions	(118,658)	(50,160)	(61,553)	(89,625)	(22,490)
Contribution deficiency (excess)	$ (11,110)	$ 32,750	$ (22,890) (1)	$ (63,476) (1)	$ -
Covered-employee payroll for OPEB	$ 1,397,744	$ 1,369,905	$ 1,372,583	$ 450,889	$ 407,062
Actual contributions as a percentage of covered-employee payroll	8.49%	4.78%	4.67%	19.88%	5.52%

(1) Additional payment above the Actuarially Determined Contribution to paydown the Unfunded OPEB Liability.

Notes to Schedule:

Actuarially determined contribution rates are calculated as of June 30, 2020, two years prior to the end of fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level % of pay
Amortization method	Level % of pay
Amortization period	18 years fixed period for 2021/22
Asset valuation method	Investment gains and losses spread over 5-year rolling period
Inflation	2.75 percent
Healthcare cost trend rates	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076
	Medicare - 6.30% for 2021, decreasing to an ultimate rate of 4.0% in 2076
Investment rate of return	4.50 percent
Mortality	CalPERS 1997-2015 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019

* Future years' information will be displayed up to 10 years as information becomes available.

Other Information

Bay Area Infrastructure Financing Authority
A Component Unit of Metropolitan Transportation Commission
Toll Revenues and Traffic Count (in Number of Trip Transactions) (unaudited)
By Fiscal Year

Fiscal Year	Toll Revenues		Trip Count
2018*	$	7,850,387	3,850,837
2019	$	11,730,498	4,491,172
2020	$	9,701,727	3,288,664
2021	$	21,179,380	8,450,308
2022	$	52,398,523	13,195,761

* Nine months ended as of June 30, 2018.

Bay Area Housing Finance Authority
A Component Unit of Metropolitan Transportation Commission

Financial Statements
As of and for the Year Ended June 30, 2022

Bay Area Housing Finance Authority
A Component Unit of Metropolitan Transportation Commission
Table of Contents
For the Year Ended June 30, 2022

INDEPENDENT AUDITOR'S REPORT

Members of the Board
Bay Area Housing Finance Authority
San Francisco, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and major fund of the Bay Area Housing Finance Authority (BAHFA), a component unit of the Metropolitan Transportation Commission, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the BAHFA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the BAHFA, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of BAHFA's, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

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

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

Required Supplementary Information

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

Crowe LLP

San Francisco, California
<>, 2022

Management's Discussion and Analysis

This financial report is designed to provide a general overview of the Bay Area Housing Finance Authority (BAHFA). The Management's Discussion and Analysis (MD&A) provides an overview of BAHFA's financial activities in the fiscal year, and it should be read in conjunction with the financial statements and the notes which follow.

A. Financial Highlights

- In April 2022, Metropolitan Transportation commission (MTC) transferred a $20 million grant from the State of California to BAHFA to be used for the operation of BAHFA.
- BAHFA ended fiscal year 2022 with a net position of $19,753,154.
- BAHFA did not have financial activity until fiscal year 2022, therefore there are no prior year comparative balances in the MD&A.

B. Overview of the Government-Wide Financial Statements

The government-wide financial statements provide an overview of BAHFA in a manner similar to a private sector business. The government-wide financial statements comprise a Statement of Net Position, a Statement of Activities and accompanying notes. The Statement of Net Position presents financial information on the government-wide net position of BAHFA at the end of the 2022 fiscal year. The difference between the assets plus deferred outflows and liabilities plus deferred inflows is reported as "Net Position."

The Statement of Activities presents government-wide information showing the change in net position resulting from revenues earned and expenses incurred during the 2022 fiscal year. All changes in net position are recorded as revenues are earned and expenses are incurred, regardless of the timing of related cash flows.

C. Overview of the Fund Financial Statements

BAHFA is composed of one governmental fund which is presented as a general fund that is used to account for BAHFA general activities.

Governmental fund financial statements provide additional information not provided in the government-wide statements in that they focus on the annual inflows and outflows of resources as well as on the balance of resources available to be spent at fiscal year-end rather than the longer-term focus of governmental activities as seen in the government-wide financial statements. The governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison of the governmental fund to governmental activities. The financial statements of the governmental fund are prepared under the modified accrual basis of accounting.

D. Government-Wide Financial Analysis

Statement of Net Position

The following table shows a summary of BAHFA's government-wide Statement of Net position as of June 30, 2022:

		Governmental Activities
ASSETS		
Cash	$	19,841,704
Total Assets		19,841,704
LIABILITIES		
Current liabilities		69,133
Non-current liability		19,417
Total liabilities		88,550
NET POSITION		
Unrestricted		19,753,154
Total Net Position	$	19,753,154

BAHFA received a $20,000,000 grant in cash from the State of California through MTC in fiscal year 2022.

The non-current liability of $19,417 is an accrual of compensated absences for the year.

Statement of Activities

The following table shows a summary of BAHFA's government-wide Statement of Activities for the fiscal year ended June 30, 2022:

	Governmental Activities
Revenues	
General Revenue	
State operating grant through MTC	$ 20,000,000
Investment earnings	3,211
Total Revenues	20,003,211
Expenses	
General Government	250,057
Total Expenses	250,057
Change in net position	19,753,154
Net Position - Beginning	-
Net Position - Ending	$ 19,753,154

BAHFA received a $20,000,000 grant from the State of California through MTC.

BAHFA earned $3,211 in interest in fiscal year 2022.

Total expense of $250,057 were mainly from salaries and benefits.

E. Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

F. General Fund Budget

BAHFA adopted its General Fund budget of $20,000,000 for fiscal year 2022. The General Fund operating budget is budgeted and maintained on a fiscal year basis with all appropriations lapsing at fiscal year-end. The actual revenue-to-expenditures balance for fiscal year 2022 reflects a surplus of $19,772,571.

	General Fund			
	Adopted Budget	Final Budget	Actual	Variance
Revenues	$ 20,000,000	$ 20,000,000	$ 20,003,211	$ 3,211
Expenditures (General Government)	18,500,000	18,500,000	230,640	18,269,360
Revenues over (under) Expenditures	1,500,000	1,500,000	19,772,571	18,272,571
Fund balance - beginning	-	-	-	-
Fund balance - ending	$ 1,500,000	$ 1,500,000	$ 19,772,571	$ 18,272,571

G. Economic Factors

While the general economic picture nationally and regionally has stabilized over the past eighteen months from the challenges posed by the COVID-19 pandemic and ensuing "flash" recession, there are new challenges that BAHFA must face over FY 2022-23 and beyond.

Inflation has been running very high since early 2021. Inflationary pressures have included supply chain challenges, extremely low unemployment (driven in part by low labor force participation), and the war in Ukraine. For the first several months of this inflationary trend, the Federal Reserve believed these inflationary pressures to be "transitory" (that is, short-term in nature). As it has become clear that these increases are not, in fact, transitory, the Federal Reserve has initiated an assertive campaign of unwinding its monetary stimulus by increasing short-term interest rates and reducing its balance sheet. In pursuing this campaign, the Federal Reserve is attempting to navigate to an economic "soft landing," in which inflation is reduced, unemployment levels remain acceptable (if somewhat higher than current), and the national economy avoids recession.

Unfortunately, steering the economy to a soft landing is an uncertain enterprise, and it is possible that the Federal Reserve may overshoot, increasing interest rates to a point that the economy goes into recession, or that today's inflationary pressures are such that increases in interest rates are insufficient to address them. Either of these could significantly increase financial risk to BAHFA.

In the San Francisco Bay Area, the overall economy continues to be strong, with robust growth in sales tax revenue, unemployment rates notably lower than national and statewide rates, and inflation which, while high, is lower than national averages as well as other major metropolitan areas in California.

Pandemic related effects in the Bay Area continue, primarily with respect to the issue of "return-to-office". Office occupancy is down sharply and vacancy rates are up relative to pre-pandemic levels. These trends are likely to have uneven effects across the area, with San Francisco facing significant headwinds on this issue.

Requests for information

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Bay Area Housing Finance Authority, 375 Beale Street, Suite 800, San Francisco, CA 94105.

Bay Area Housing Finance Authority
A Component Unit of Metropolitan Transportation Commission
Statement of Net Position
June 30, 2022

		Governmental Activities
ASSETS		
Cash	$	19,841,704
Total Assets		19,841,704
LIABILITIES		
Accounts payable		27,887
Due to MTC		41,246
Non-current liability		
Due within one year		
Compensated absences		7,931
Due in more than one year		
Compensated absences		11,486
Total liabilities		88,550
NET POSITION		
Unrestricted		19,753,154
Total Net Position	$	19,753,154

See accompanying notes to financial statements

Bay Area Housing Finance Authority
A Component Unit of Metropolitan Transportation Commission
Statement of Activities
For the Year Ended June 30, 2022

		Program Revenues				Net (Expenses) Revenues and Change in Net Position
						Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenue	Total
Functions:						
Governmental Activities:						
General Government	$ 250,057	$ -	$ -	$ -	$ -	$ (250,057)
						-
Total Governmental Activities	$ 250,057	$ -	$ -	$ -	$ -	$ (250,057)

General Revenue:	
State operating grant through MTC	20,000,000
Investment earnings	3,211
Total General Revenue	20,003,211
Change in Net Position	19,753,154
Net Position - beginning	-
Net Position - ending	$ 19,753,154

See accompanying notes to financial statements

Bay Area Housing Finance Authority
A Component Unit of Metropolitan Transportation Commission
Balance Sheet
Governmental Fund – General Fund
June 30, 2022

ASSETS		
Cash	$	19,841,704
Total Assets		19,841,704
LIABILITIES		
Accounts Payable		27,887
Due to MTC		41,246
Total Liabilities		69,133
FUND BALANCES		
Unassigned		19,772,571
Total Liabilities and Fund Balances	$	19,841,704

See accompanying notes to financial statements

Bay Area Housing Finance Authority
A Component Unit of Metropolitan Transportation Commission
Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
For the Year Ended June 30, 2022

Total Fund Balance - Governmental Fund	$ 19,772,571
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Compensated absences are not due and payable in the current period and, therefore, are not reported in fund statement	(19,417)
Net position of Governmental Activities	$ 19,753,154

See accompanying notes to financial statements

Bay Area Housing Financing Authority
A Component Unit of Metropolitan Transportation Commission
Statement of Revenues, Expenditures and Change in Fund Balance
Governmental Fund – General Fund
For the Year Ended June 30, 2022

REVENUES		
State operating grant through MTC	$	20,000,000
Investment earnings		3,211
Total Revenues		20,003,211
EXPENDITURES		
Salaries and benefits		133,334
Professional fees		31,306
Committee Member's Stipend		2,400
Overhead		63,600
Total Expenditures		230,640
Net Change in Fund Balance		19,772,571
Fund Balance - beginning		-
Fund Balance - ending	$	19,772,571

See accompanying notes to financial statements

Bay Area Housing Finance Authority
A Component Unit of Metropolitan Transportation Commission
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2022

Net Change in Fund balance - Total Governmental Funds (per Statement of Revenues, Expenditures and Changes in Fund Balance)	$ 19,772,571
Compensated absences which do not require the use of current financial resources and, therefore, are not reported in the governmental funds	(19,417)
Change in Net Position of Governmental Activities (per Statement of Activities)	$ 19,753,154

See accompanying notes to financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity and Operations

The Bay Area Housing Finance Authority (BAHFA) was established in October 2019 pursuant to the California Government Code Section 64510 (a) (1) to provide a regional financing mechanism for affordable housing production, preservation, and tenant protections in the San Francisco Bay area, including charter cities. BAHFA is authorized to raise, administer, and allocate new revenue, incur, and issue bonds and other indebtedness, and allocate funds to the various cities, counties, and other public agencies and affordable housing projects within its jurisdiction. BAHFA is authorized to raise revenue by imposing various special taxes, including a parcel tax, and certain business taxes, within its jurisdiction and to issue general obligation bonds secured by the levy of ad valorem property taxes, in accordance with applicable constitutional requirements, and revenue bonds payable from the revenues of the authority, other than revenues generated from ad valorem property taxes. Section 64510 (a)(2) of the codes states that BAHFA is governed by the same board that governs the Metropolitan Transportation Commission (MTC). Section 6411 (a)(1) states that the Association of Bay Area Governments Executive Board is to review and approve the BAHFA regional expenditures plan.

MTC was established under Government Code Section 66500 et seq. of the laws of the State of California in 1970 to provide comprehensive regional transportation planning for the nine counties that comprise the San Francisco Bay Area. The nine counties are the City and County of San Francisco and the Counties of Alameda, Contra Costa, Marin, Napa, San Mateo, Santa Clara, Solano and Sonoma.

Association of Bay Area Governments (ABAG) was created in 1961 and serves as the Council of Government for the 101 member cities/ towns and nine counties that make up the region with powers and responsibilities granted to it under the laws of the State of California.

BAHFA is a separate legal entity of MTC, but it is governed by the same board that governs MTC. Furthermore, Section 64510 (a) (d) states that BAHFA's staff are the existing staff of MTC with the understanding that additional staff with expertise in affordable housing finance will be needed to administer the funding authorized in this chapter. As such, BAHFA meets the blending criteria under paragraph 53 of GASB No. 14, *The Financial Reporting Entity*, as amended by GASB No. 61, and therefore, BAHFA is presented as a blended component unit of MTC.

B. Basis of Presentation

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

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

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display the overall financial activities of BAHFA. The Statement of Net Position reports the difference between BAHFA's total assets and total liabilities.

The Statement of Activities reports increases and decreases in BAHFA's net position. It is also prepared on the full accrual basis of accounting, which means it includes all of BAHFA's revenues and expenses, regardless of when cash changes hands.

General Fund Financial Statements

BAHFA presents its financial statements as a governmental fund. A fund is a separate set of self-balancing accounts that comprise assets, liabilities, fund balance, revenues, and expenditures. The Fund Financial Statements report increases and decreases in BAHFA's fund balance.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Under the full accrual basis of accounting method, revenues are recognized when earned, rather than when cash changes hands, and expenses are recorded when the liability is incurred.

Fund Financial Statements

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting method, revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay for liabilities of the current period. BAHFA considers revenues to be available if they are collected within 270 days after year end. Expenditures generally are recorded when liabilities are incurred, as under the accrual basis of accounting.

New Accounting Pronouncements

GASB Statement No. 87, *Leases*, has an objective to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. It requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. BAHFA adopted this statement in fiscal year 2022. The adoption of this standard has no impact on BAHFA's financial statements.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. This statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. BAHFA adopted this statement in fiscal year 2022. The adoption of this standard has no impact on BAHFA's financial statements.

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations. 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. The requirements of this statement are effective for reporting periods beginning after December 15, 2021. Management is currently evaluating the effect of this statement on BAHFA's financial statements.

GASB Statement No. 92, *Omnibus 2020*, establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance related activities of public entity risk pools, fair value measurements, and derivative instruments. The initial requirements of this Statement are effective as follows: (a) The requirements in paragraphs 4, 5, 11, and 13 were effective upon issuance. (b) The requirements in paragraphs 6 and 7 are effective for fiscal years beginning after June 15, 2021. (c) The requirements in paragraphs 8, 9, and 12 are effective for reporting periods beginning after June 15, 2021. (d) The requirements in paragraph 10 are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021. BAHFA adopted this statement in fiscal year 2022. The adoption of this standard has no impact on BAHFA's financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates (IBOR),* establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for paragraphs 11b, 13, and 14 were effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021, and all reporting periods thereafter. BAHFA adopted this standard in fiscal year 2022. The adoption of this standard has no impact on BAHFA's financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)*, establishes standards of accounting and financial reporting for PPPs and APAs for governments. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. Management is currently evaluating the effect of this statement on BAHFA's financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, establishes standards of accounting and financial reporting for SBITAs by a government end user (a government). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. Management is currently evaluating the effect of this statement on BAHFA's financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, (a) clarifies how the absence of a governing board should be considered in determining whether a primary government is financially accountable for purposes of evaluating potential component units and (b) modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution

OPEB plans, and other employee benefit plans (for example, certain Section 457 plans). The requirements of this statement are effective as follows: (a) The requirement in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. (b) The requirements in paragraphs 6–9 of this Statement are effective for fiscal years beginning after June 15, 2021. (c) All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. BAHFA adopted this statement in fiscal year 2022. The adoption of this statement has no impact on BAHFA's financial statements.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*, establishes the new term *annual comprehensive financial report* and its acronym *ACFR* and replaces instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. The requirements of this statement are effective for reporting periods ending after December 15, 2021. BAHFA adopted this standard for fiscal year ended June 30, 2022. The adoption of this standard has no impact on BAHFA's financial statements.

GASB Statement No. 99, *Omnibus 2022*, enhances comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB statements and (2) accounting and financial reporting for financial guarantees. The requirements of this statement are effective as follows: (a) The requirements in paragraph 26-32 related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by the pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. (b) The requirements in paragraphs 11-25 related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. (c) The requirements in paragraphs 4-10 related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. BAHFA adopted paragraphs 26-32 in fiscal year 2022. The adoption of paragraphs 26-32 has no impact on BAHFA's financial statements. Management is currently evaluating the effect of the remaining paragraphs of this statement on BAHFA's financial statements.

GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62,* enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for accounting changes and errors corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Management is currently evaluating the effect of this statement on BAHFA's financial statements.

GASB Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences and associated salary-related payments by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statements are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Management is currently evaluating the effect of this statement on BAHFA's financial statements.

D. Net Position

The government-wide financial statements utilize a net position presentation. Net Position is the excess of an entity's assets and deferred outflows of resources over its liabilities and deferred inflows of resources and is categorized as follows:

- Net Investment in Capital Assets groups all capital assets into one component of net position. Accumulated depreciation and any outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. There is no net investment in capital assets at year end.
- Restricted Net Position reflects net position that is subject to constraints either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. There is no restricted net position at year end.
- Unrestricted Net Position represents net position of BAHFA that is not included in the determination of net investment in capital assets or the restricted component of net position.

Sometimes BAHFA will fund outlays for a particular purpose from both restricted and unrestricted resources. To determine the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are applied. BAHFA considers restricted net position to have been depleted before unrestricted net position is applied.

E. Fund Balance

Fund balance of governmental funds is reported in the following categories based on the nature of limitations confining the use of resources for specific purposes:

- Nonspendable Fund Balance – includes amounts that are (1) not in spendable form, or (2) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash such as inventories, prepaid amounts, and long-term interfund advances and receivables. There is no nonspendable fund balance at year end.
- Restricted Fund Balance – includes amounts that can be spent only for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers. There is no restricted fund balance at year end.
- Committed Fund Balance – represents amounts that can only be used for specific purposes through resolutions authorized by BAHFA's Board of Directors. Commitments can only be modified or lifted through Board resolutions. There is no committed fund balance at year end.
- Assigned Fund Balance – comprises amounts that are constrained by the BAHFA Governing Board's intended to be used for specific purposes that are neither restricted nor committed. There is no assigned fund balance at year end.
- Unassigned Fund Balance – is the residual classification for the General Fund and includes all amounts not contained in other classifications.

Sometimes BAHFA will fund outlays for a particular purpose from both restricted and unrestricted resources (committed, assigned, and unassigned fund balances). To determine the amounts to report as restricted, committed, assigned, and unassigned fund balances in the fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. BAHFA fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

F. Cash

BAHFA considers all balances held on deposit at banks to be cash.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, BAHFA may not be able to recover its deposits that are in the possession of an outside party. All checking accounts are insured by the Federal Depository Insurance Corporation (FDIC) up to the limit of $250,000. Under California Government Code Section 53651 and 53652, depending on specific types of eligible securities, a bank must deposit eligible securities to be posted as collateral with its agent with the securities having a fair value of 110% to 150% of BAHFA’s cash on deposit.

G. Prepaid Items

Certain payments to vendors applicable to future accounting periods are recorded as prepaid items based on the consumption method. There are no prepaid items at year end.

2. NET POSITION

BAHFA has a positive net position of $19,753,154. The positive position is mainly the result of the grant received from the State of California through MTC.

3. CASH

A. A summary of cash as shown on the Statement of Net Position at June 30, 2022 is as follows:

Cash - unrestricted	$ 19,841,704
Total Cash	$ 19,841,704

B. The composition of cash and investments at June 30, 2022 is as follows:

Cash at bank	$ 19,841,704
Total Cash	$ 19,841,704

Deposit Risk Factors

Custodial credit risk can affect the value of deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, BAHFA may not be able to recover its deposits that are in the possession of an outside party. All checking accounts are insured by the Federal Depository Insurance Corporation (FDIC) up to the limit of $250,000.

Under California Government Code Sections 53651 and 53652, depending on specific types of eligible securities, a bank must deposit eligible securities to be posted as collateral with its agent with the securities having a fair value of 110% to 150% of BAHFA's cash on deposit.

4. RISK MANAGEMENT

BAHFA is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. BAHFA has commercial insurance coverages, which include general liability, crime, cyber, employed attorney, public officials, and automobile liability policies. Insurance coverages are subject to market volatility. BAHFA management is of the opinion that no lawsuits or claims will have a material adverse effect on BAHFA's financial statements this year. There was no settlement that exceeded insurance coverage since the creation of BAHFA.

5. COMMITMENTS AND CONTINGENCIES

As of June 30, 2022, there are no future expenditure commitments.

REQUIRED SUPPLEMENTARY INFORMATION

Bay Area Housing Finance Authority
A Component Unit of Metropolitan Transportation Commission
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (unaudited)
For the Year Ended June 30, 2022

	Original Budget[1]	Final Budget [1]	Actual	Variance from Final Budget
Revenues				
Revenue - State of California through MTC	$20,000,000	$ 20,000,000	$ 20,000,000	$ -
Interest income	-	-	3,211	3,211
Total Revenues	20,000,000	20,000,000	20,003,211	3,211
Expenditures				
Salaries & benefits	6,275,793	6,275,793	133,334	6,142,459
Consultant/Professional fees	9,052,660	9,052,660	21,868	9,030,792
Committee Member Stipend	-	-	2,400	(2,400)
Audit	33,650	33,650	9,438	24,212
Indirect Cost	3,137,897	3,137,897	63,600	3,074,297
Total Expenditures	18,500,000	18,500,000	230,640	18,269,360
Net Change in Fund Balances	1,500,000	1,500,000	19,772,571	18,272,571
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ 1,500,000	$ 1,500,000	$ 19,772,571	$ 18,272,571

(1) Budget Prepared in accordance with GAAP