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

Meeting Agenda

MTC Audit Committee

Committee Members:
Scott Haggerty, Chair
Dave Cortese, Federal D. Glover, Amy R. Worth

Wednesday, October 23, 2019 **9:00 AM** **Board Room - 1st Floor**

This meeting is scheduled to be webcast live on the Metropolitan Transportation Commission's Website: http://mtc.ca.gov/whats-happening/meetings and will take place at 9:00 a.m.

1. 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. 19-1094 MTC Report to the Audit Committee FY 2018-19

A report by PricewaterhouseCoopers LLP (PWC) staff on the status of the FY 2018-19 audit and related matters to the Committee.

Action: Committee Approval

Presenter: Ian Fleming / Filip Nowak

Attachments: 2a_MTC Report to the Audit Committee FY 2018-19.pdf

2b. 19-1096 MTC Reports on Federal Awards in Accordance with OMB Uniform Guidance for FY 2018-19

A report by PWC staff on the Uniform Guidance Report covering MTC and MTC SAFE's federal award programs.

Action: Committee Approval

Presenter: Ian Fleming / Filip Nowak

Attachments: 2b_MTC Reports on Federal Awards in Accordance with OMB Uniform Guidanc

3. FY 2018-19 Financial Reports and Year End Audit Results

19-1211 FY 2018-19 Financial Reports and Year End Audit Results

Attachments: 3_FY 2018-2019 Financial Reports and Year End Audit Results.pdf
3_FY 2018-2019 Financial Reports and Year End Audit Results_Presentationx.p

3a. 19-1101 MTC Comprehensive Annual Financial Report for FY 2018-19

Action: Committee Approval

Presenter: Arleicka Conley

Attachments: 3a_MTC Comprehensive Annual Financial Report for FY 2018-19.pdf

3b. 19-1098 Bay Area Headquarters Authority Financial Statements for FY 2018-19

Action: Committee Approval

Presenter: Arleicka Conley

Attachments: 3b_Bay Area Headquarters Authority Financial Statements for FY 2018-19.pdf

3c. 19-1099 375 Beale Condominium Corporation Financial Statements for FY 2018-19

Action: Committee Approval

Presenter: Arleicka Conley

Attachments: 3c_375 Beale Condominium Corporation Financial Statements for FY 2018-19.p

3d. 19-1100 Bay Area Infrastructure Financing Authority Financial Statements for FY 2018-19

Action: Committee Approval

Presenter: Arleicka Conley

Attachments: 3d_Bay Area Infrastructure Financing Authority Financial Statements for FY 201

4. Public Comment / Other Business

5. Adjournment / Next Meeting:

The next meeting of the MTC Audit Committee will be determined at a later date.

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.

Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

File #:	19-1094	**Version:** 1	**Name:**	
Type:	Report		**Status:**	Committee Approval
File created:	9/17/2019		**In control:**	MTC Audit Committee
On agenda:	10/23/2019		**Final action:**	
Title:	MTC Report to the Audit Committee FY 2018-19 A report by PricewaterhouseCoopers LLP (PWC) staff on the status of the FY 2018-19 audit and related matters to the Committee.			
Sponsors:				
Indexes:				
Code sections:				
Attachments:	2a_MTC Report to the Audit Committee FY 2018-19.pdf			

Date	Ver.	Action By	Action	Result

Subject:
MTC Report to the Audit Committee FY 2018-19

A report by PricewaterhouseCoopers LLP (PWC) staff on the status of the FY 2018-19 audit and related matters to the Committee.

Presenter:
Ian Fleming / Filip Nowak

Recommended Action:
Committee Approval

Agenda Item 2a

Report to the Audit Committee FY 2019 audit results

Metropolitan Transportation Commission

October 23, 2019

pwc

October 18, 2019

Dear Members of the Audit Committee of Metropolitan Transportation Commission:

We are pleased to submit our Report to the Audit Committee related to the results of our fiscal year 2019 audit of Metropolitan Transportation Commission and its underlying funds ("MTC" or the "Organization"). Our report includes a summary of the results of our audit work and other required communications.

This report has been prepared in advance of our meeting and prior to the completion of our procedures. Other matters of interest to the Audit Committee may arise that we will bring to your attention at our meeting.

We look forward to presenting this report, addressing your questions and discussing any other matters of interest. Please feel free to contact me at 415-377-4410 or ian.fleming@pwc.com with any questions you may have.

Very truly yours,

[***DRAFT until signed***]

Ian Fleming
Engagement Partner

PricewaterhouseCoopers LLP, Three Embarcadero Center, San Francisco, CA 94111-4004
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Table of contents

Appendices

Executive summary

Executive summary

Status of our audit

• We have substantially completed our audits of the financial statements of MTC, its underlying funds, BAHA, BAIFA, and the 375 Beale St. Condo Corporation as well as MTC's Schedule of Expenditures of Federal Awards (OMB Uniform Guidance audit) in accordance with accounting principles generally accepted in the United States of America as of and for the year ended June 30, 2019. Pending items include:

- Keeping current procedures
- Receipt of signed management representation letter
- Receipt of final in-house counsel letter and external counsel legal letters
- Completion of certain audit procedures

Key events and transactions affecting the year

- Regional Measure 3 litigation as well the related accounting and impact on disclosures within the financial statements.
- There were several large debt issuances during the fiscal year and in the months subsequent to the end of the year.

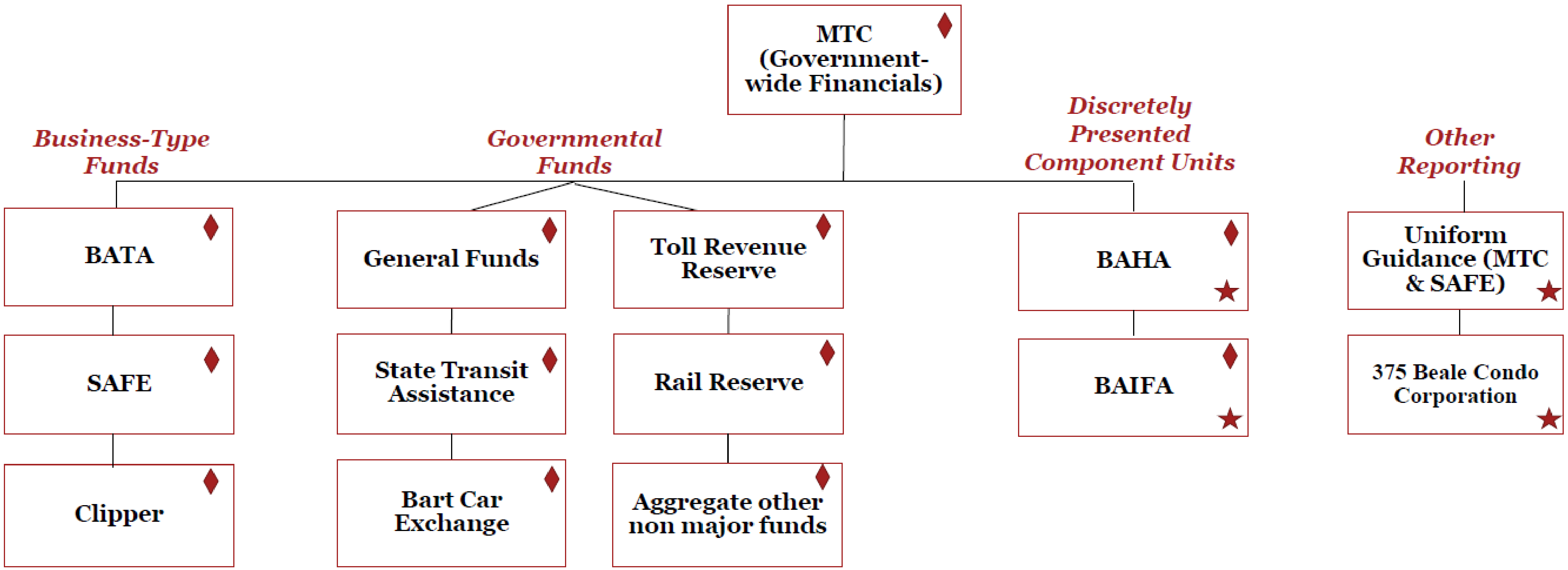
Identified misstatements, recorded and unrecorded

- The attachment to the Management Representation Letter in Appendix I contains the uncorrected misstatements which have been deemed immaterial by management and not adjusted.

Highlights

- Audit has been substantially completed
- We have used final 2019 CAFR to update preliminary materiality and assessments
- Continued independence has been affirmed
- We did not identify any potential or known fraud, irregularities, or illegal acts

MTC entities in scope of the audit



♦ These funds are included in the CAFR but are considered on an individual basis from the perspective of our audit.

★ These items represent standalone audit reports that are prepared.

Audit results

pwc

Status of our audit

Remaining items to complete	Significant changes to the audit plan
We are in the process of completing the audit procedures in accordance with our audit plan to address the identified risks. Open items include: • Keeping current procedures • Receipt of signed management representation letters • Receipt of final in-house counsel letters and external counsel legal letters • Completion of certain audit procedures We expect to issue our unmodified report on the financial statements of the Organization on October 24, 2019.	We provided our planned audit approach, including our preliminary risk assessment, and related scoping considerations for FY2019 to the Audit Committee on August 26, 2019. Throughout the audit, we continuously evaluated the appropriateness of our audit strategy. There were no further significant changes to the planned audit approach.

Audit risks and results

Final audit results – Significant risk items

Risk		Significant findings
⚠	Management override of controls	None to report

⚠ **Significant risk**

Audit risks and results

Significant transactions

The following table summarizes the significant transactions that are outside the normal course of business for MTC or that otherwise appear to be unusual due to their timing, size, or nature.

Transaction	Management's policies and practices	Our audit response
Bond Offerings	Evaluated management policies and practices are aligned with the applicable guidance	Tested the cost of issuance of bond offering, review of closing memos, and debt defeasance in accordance with GASB standards.
Passage of Regional Measure 3 (RM3) and related litigation	Management increased tolls on January 1, 2019 based on the passage of RM3 by voters (through the passage of senate bill 595). As a result of lawsuits challenging RM3, the $1 toll increases, as collected, are being placed into an escrow account managed by an independent trustee (Union Bank trust account). These escrow arrangements were authorized by the Commissioners through the passing of BATA resolution No. 129. If BATA prevails in the litigation the funds will be applied to BATA approved programs following release of the escrow arrangements by the Board of Commissioners. If BATA should lose the litigation, the funds may be required to be reimbursed to toll payers. Following the passage of resolution No. 129 the RM3 funds placed into escrow may not be used for operations until approved for release by the Board of Commissioners. Given the stipulations of BATA resolution No. 129, the RM3 monies collected through June 30, 2019 have not been reflected as BATA revenue and are included in BATA's balance sheet as restricted cash and investments with a corresponding liability.	The audit team has tested the toll amounts collected and the reasonableness of the amount that were separated from revenue and included in escrow. The engagement team also communicated with legal counsel in order to ascertain the status of the litigation.

Other required communications

Independence re-evaluation	There were no independence matters that occurred or were identified subsequent to our most recent independence affirmation provided to the Audit Committee.
Material uncertainties related to events and conditions (specifically going concern)	MTC has a net deficit position. The deficit is explained in Note 2 of the CAFR and is primarily a function of the long term debt being held by MTC/BATA while the title of the related assets the debt was issued for (primarily the bridges) belongs to the State of California. Management has concluded, and we concur, that this does not represent a going concern issue given that revenues are expected to be able to cover the required debt service payments. We are not aware of any material uncertainties that cast doubt on MTC's ability to continue as a going concern.
Other information in documents containing audited/reviewed financial statements	We did not identify any information that was materially inconsistent with the information in the financial statements.
Disagreements with management	There were no disagreements with management.
Consultation with other accountants	We are not aware of any consultations management has had with other accountants about significant accounting or auditing matters.
Difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
Other material written communications	Appendix I includes a copy of management's representation letter. Further, we issue reports related to our audit performed in accordance with the OMB Uniform Guidance.
Non-compliance with laws and regulations	We did not identify any instances of non-compliance with laws and regulations.
Fraud or Illegal acts	We did not identify any potential or known fraud, irregularities, or illegal acts.
Alternative accounting treatments	We did not identify any alternative treatments permissible under US GAAP for accounting policies and practices related to material items, including recognition, measurement, and presentation and disclosure.

Other required communications

Identified misstatements	The attachment to the Management Representation Letter in Appendix I contains the uncorrected misstatements which have been deemed immaterial by management and not adjusted. Materiality has been developed on a fund by fund basis, by qualitatively determining which financial statement metrics are most meaningful to the users of MTC's financial statements. There were no audit adjustments book in FY 2019.
Control deficiencies	We considered internal controls over MTC's financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of MTC's internal controls. Accordingly, we do not express an opinion on the effectiveness of MTC's internal control. In performing our audit, we identified no material weaknesses.
Departure from standard report	We plan to issue an unmodified audit report.
Other matters	There were no other matters arising from the audit that are significant to the oversight of MTC's financial reporting process.
Quality of the organization's financial reporting	We have performed an evaluation of whether the presentation of the financial statements and the related disclosures are in conformity with the applicable financial reporting framework, including our consideration of the form, arrangement, and content of the financial statements (including the accompanying notes). We did not identify any instances of non conformity. We have evaluated management's anticipated application of accounting pronouncements that have been issued but are not yet effective and might have a significant effect on future financial reporting. We do not have any concerns as a result of our evaluation. We have evaluated the potential effect on the financial statements of significant exposures and risks, and uncertainties, such as pending litigation, that are disclosed in the financial statements. We did not identify any matters with a material potential effect. We have evaluated whether the difference between estimates best supported by the audit evidence and estimates included in the financial statements, which are individually reasonable, indicate a possible bias on the part of MTC's management. We did not identify any areas of possible bias.

Appendices

Appendices

Appendix I – Management representation letter draft

METROPOLITAN
TRANSPORTATION
COMMISSION

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

October 23, 2019

PricewaterhouseCoopers LLP
3 Embarcadero Center
San Francisco, CA 94111
Attn: Filip Nowak

We are providing this letter in connection with your audits of the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, the aggregate remaining fund information and the fiduciary funds of the Metropolitan Transportation Commission Government-wide ("MTC GW") as of and for the years ended June 30, 2019 and 2018 and the related notes to the financial statements, which collectively comprise MTC GW's financial statements for the purpose of expressing an opinion as to whether such financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, the aggregate remaining fund information and the fiduciary funds of MTC GW at June 30, 2019 and 2018, and were applicable, the respective changes in financial position and cash flows thereof and for the years then ended in conformity with accounting principles generally accepted in the United States of America.

We are also providing this letter in connection with your audits of the standalone financial statements for MTC GW's discretely presented component unit, Bay Area Headquarters Authority ("BAHA") as of and for the years ended June 30, 2019 and 2018 MTC GW's discretely presented component unit, Bay Area Infrastructure Financing Authority ("BAIFA") for the year ended June 30, 2019 and the related notes to the financial statements which comprise BAHA's and BAIFA's financial statements for the purpose of expressing an opinion as to whether such financial statements present fairly, in all material respects, the financial position of BAHA at June 30, 2019 and 2018 and BAIFA at June 30, 2019 and the changes in financial position and cash flows thereof and for the years then ended in conformity and 375 Beale Condominium Corporation (375 Beale Condo) for the year ended June 30, 2019 and the related notes to the financial statements with accounting principles generally accepted in the United States of America.

Further, we are providing this letter in connection with your audits of the Association of Bay Area Governments (ABAG), ABAG Publicly Owned Energy Resources (POWER), and ABAG Finance Authority for Nonprofit Corporations (FAN) for the year ended June 30, 2019 and the related notes to the financial statements which comprise these respective entities' financial statements for the purpose of expressing an opinion as to whether such financial statements present fairly, in all material respects, the financial position of the entities at June 30, 2019 and the changes in financial position and cash flows thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We acknowledge and confirm that we have fulfilled our responsibility, as set out in our engagement letters of April 9, 2019, for the preparation and fair presentation in the individual financial statements of financial position, and, where applicable, changes in financial position and cash flows in conformity with generally accepted accounting principles, including the appropriate selection and application of accounting policies. For the purposes of this letter, the entities above are collectively referred to as "MTC" or "MTC entities".

Certain representations in this letter are described as being limited to those matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement. Materiality used for purposes of this letter is enclosed in Appendix 1 covered.

We confirm, to the best of our knowledge and belief, as of October 23, 2019, the date of your report, the following representations made to you during your audit(s):

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America ("GAAP"), and include all disclosures necessary for such fair presentation and disclosures otherwise required to be included therein by the laws and regulations to which MTC is subject. We have prepared the financial statements on the basis that the MTC is able to continue as a going concern. There are no conditions or events, considered in the aggregate, that raise substantial doubt about MTC's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

2. We have made available to you:

   a. All financial records and related data.

   b. Unconditional access to persons within the entity from whom you have requested audit evidence.

   c. All minutes of the meetings of the Commission, committees of the Commission, the Boards, and Board committees of the MTC entities and summaries of actions of recent meetings for which minutes have not yet been prepared through the date of this letter. The most recent meetings held were:

      - Metropolitan Transportation Commission – 10/23/2019
      - Administration Committee – 10/09/2019
      - Bay Area Headquarters Authority (BAHA) – 06/26/2019
      - Bay Area Toll Authority (BATA) – 10/23/2019
      - Bay Area Toll Authority (BATA) Oversight Committee – 10/09/2019
      - Bay Area Infrastructure Financing Authority (BAIFA) – 10/23/2019
      - 375 Beale Condo Corporation Board – 05/30/2019
      - Operations Committee – 10/11/2019
      - Programming and Allocations Committee – 10/09/2019
      - ABAG Administrative Committee – 10/11/2019
      - ABAG Executive Board – 09/19/2019
      - ABAG Finance Committee – 09/19/2019
      - ABAG POWER Executive Committee – 08/21/2019

3. We have appropriately reconciled our books and records (e.g., general ledger accounts) underlying the financial statements to their related supporting information (e.g., sub ledger or third-party data). All related reconciling items considered to be material were identified and included on the reconciliations

and were appropriately adjusted in the financial statements, as necessary. There were no material unreconciled differences or material general ledger suspense account items that should have been adjusted or reclassified to another account balance. There were no material general ledger suspense account items written off to a balance sheet account, which should have been written off to an income statement account and vice versa. All intra**-entity** accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements. 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.

4. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices. We have shared with you the Government Finance Officers' Association's comments on MTC GW's financial statements for the fiscal year ended June 30, 2019.

5. There are no material transactions, agreements or accounts that have not been properly recorded in the accounting records underlying the financial statements.

6. The effects of the uncorrected financial statement misstatements and out-of-period adjustments summarized in the accompanying schedule Appendix 2 are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

7. We acknowledge and confirm that we have fulfilled our responsibility, as set out in our engagement letters of April 9, 2019, 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 and we have disclosed to you all deficiencies in the design or operation of internal control over financial reporting of which we are aware. We have also disclosed to you which of these deficiencies we believe are significant deficiencies or material weaknesses in internal control over financial reporting.

8. We acknowledge our responsibility for the design and implementation of programs and controls to provide reasonable assurance that fraud is prevented and detected.

9. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud and we have no knowledge of any fraud or suspected fraud affecting MTC involving:

   a. Management,
   b. Employees who have significant roles in internal control over financial reporting, or
   c. Others where the fraud could have a material effect on the financial statements.

10. We have no knowledge of any allegations of fraud or suspected fraud affecting MTC received in communications from employees, former employees, analysts, regulators, short sellers, or others. (As to items 8, 9 and 10, we understand the term "fraud" to mean those matters described in AICPA AU-C 240).

11. There have been no violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

12. MTC has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

13. We have disclosed to you the identity of the MTC's related parties and all the related party relationships and transactions of which we are aware.

14. The following, if material, have been properly recorded or disclosed in the financial statements

    a. Relationships and transactions with related parties, as described in GASB Codification Section 2250 -*Additional Financial Reporting Considerations*, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.

    b. Significant changes in estimates in accordance with GASB Codification Section 2250 - Additional Financial Reporting Considerations.

    c. Significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB 72, *Fair Value Measurement and Application.*

15. There are no Guarantees, whether written or oral, under which MTC is contingently liable.

16. MTC has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except as disclosed in the financial statements.

17. Where an allocation estimate is used to recognize assets for construction/capital work in process, management has ensured the underlying assumptions, methods, procedures and the source and reliability of supporting data are reasonable and based on applicable guidance. The procedures and methods utilized in developing assumptions, estimates and judgments are appropriate and have been consistently applied in the periods presented. Any change is allocation in the current year was as a result of new facts and circumstances not previously known and as such was accounted for as a change in estimate.

18. MTC has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

19. Receivables recorded in the financial statements represent bona fide claims against debtors for sales or other charges arising on or before the balance sheet dates and are not subject to discount except for normal cash discounts. Receivables classified as current do not include any material amounts which are collectible after one year. All receivables have been appropriately reduced to their estimated net realizable values.

20. We have not violated any covenants of our debt instruments during any of the periods presented, and we disclosed to you all covenants and information related to how we determined compliance with the covenants.

21. We are responsible for all significant estimates and judgments affecting the financial statements. Significant estimates and judgments and their underlying assumptions, methods, procedures and the source and reliability of supporting data are reasonable and based on applicable guidance, are completely and appropriately disclosed in the financial statements, and appropriately reflect management's intent and ability to carry out specific courses of action, where relevant. The procedures and methods utilized in developing assumptions, estimates and judgments are appropriate and have been consistently applied in the periods presented. There have been no subsequent events which would require the adjustment of any significant estimate and related disclosures.

22. MTC has no unpaid claims of risks not covered by an insurer that should either be recorded as a liability or reported as a contingency.

23. Expenditure by external transit agencies is an eligibility requirement of the AB664 fund.

24. The Service Authority for Freeways and Expressways ("SAFE") revenue is a fee and not a tax and therefore this entity is appropriately classified as an enterprise fund.

25. Management has determined in consultation with counsel that the contract between the Bay Area Toll Authority ("BATA") and the patron for prepaid FasTrak toll monies establishes a legal restriction on the use of the patron's monies such that the monies may not be used by BATA for operating purposes.

26. Management has determined in conclusion with counsel that the contract between BATA and the Golden Gate Bridge Highway and Transportation District relating to the collection of FasTrak toll monies establishes a legal restriction on the use of the monies such that the monies may not be used by BATA for operating purposes.

27. The Memorandum of Understanding Regarding the Operation and Maintenance of Clipper Fare Collection System ("MOU") is a validly executed arrangement and is the basis by which MTC and the parties to the MOU are operating the Clipper Fare Collection System.

28. Management has concluded that the nature of ABAG membership dues is a fee charged to external users for goods or service. As such, ABAG is considered an enterprise fund.

29. Management has concluded that in consideration of the GASB Codification 2100 - *Defining the financial reporting entity*, ABAG, 375 Beale Condo, are not considered component units of MTC GW. Additionally, POWER, FAN and the San Francisco Bay Restoration Authority are not considered to be component units of ABAG.

30. We have appropriately implemented the provisions of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). We concluded that it was not practical, as defined by GASB 75, to determine the amounts of all applicable deferred inflows of resources and deferred outflows of resources related to OPEB for the prior periods presented.

31. We have concluded that OPEB Plan Assets held in a trust are not considered to be a Fiduciary Fund. We conclude that we have no financial accountability for the plan assets per the provisions of GASB Statement No. 14 *The Financial Reporting Entity.*

32. Management has followed applicable laws and regulations in adopting, approving, and amending budgets.

33. The financial statements of MTC properly classify all funds and activities.

34. The financial statements of MTC include all component units and properly disclose all other related organizations.

35. All funds that meet the quantitative criteria in GASB Codification Section 2200 – *Comprehensive Annual Financial Report*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered to be important to financial statement users, and therefore presented accordingly.

36. Net position components (restricted, assigned, committed, unassigned, nonexpendable, invested in capital assets, net of related debt; and unrestricted and fund balance reserves and designations) are properly classified and, if applicable, approved.

37. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities and the statement of revenues, expenses and changes in fund balances/net position, and allocations have been made on a reasonable basis.

38. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

39. Deposits and investment securities are properly classified in a category of custodial credit risk.

40. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.

41. We acknowledge our responsibility for the presentation of the *Required Supplementary Information, Other Supplementary Information*, and *Statistical Section* in accordance with prescribed guidelines. We believe such information, including its form and content, is fairly presented in accordance with applicable criteria, including those required by GASB. The methods of measurement or presentation have not changed from those used in the prior period. We have informed you about any significant assumptions or interpretations underlying the measurement or presentation of the information.

42. Assets and liabilities required to be measured at fair value were measured both on a recurring and nonrecurring basis at fair value in accordance with GASB Statement No. 72, Fair value measurement and application. The valuation was determined using an acceptable methodology applied on a consistent basis and taking into account reasonable assumptions, including highest and best use, non-performance risk and credit and liquidity risk adjustments. We classified and disclosed financial assets and liabilities in the financial statements as Level 1, Level 2 and Level 3 in accordance with GASB 72, including a description of inputs and information used to develop valuation techniques.

43. Special items are appropriately classified and reported.

44. Tax-exempt bonds issued have retained their tax-exempt status.

45. The actuarial valuations of the Miscellaneous Plan of Metropolitan Transportation Commission, MTC's defined-benefit other post-employment benefits healthcare plan obligations, and all other MTC pension and OPEB plans were determined using acceptable methodologies applied on a consistent basis and taking into account the individual characteristics of the plans and reasonable assumptions, including those for the discount rates, rates of return on plan assets, mortality rates and other demographic assumptions.

46. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.

47. We are responsible for establishing and maintaining effective internal controls over financial reporting.

48. We are responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.

49. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.

50. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements, and any other instances that warrant the attention of those charged with governance.

51. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts.

52. We have identified and disclosed to you all instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements.

53. We are responsible 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.

54. We acknowledge our responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud.

55. We have taken timely and appropriate steps to remedy fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse that you report.

56. We have a process to track the status of audit findings and recommendations.

57. We have identified for you previous financial audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

58. We have provided views on your reported findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report.

59. We acknowledge our responsibilities as they relate to nonaudit services performed by you and assume all management responsibilities. We oversee the services by designating an individual within senior management who possesses suitable skills, knowledge, or experience and we evaluate the adequacy and results of the services performed. We accept responsibility for the results of the services.

With respect to the federal awards program applicable to MTC entities

I. We are responsible for complying, and have complied, with the requirements of the Uniform Guidance.

II. We are responsible for understanding and complying with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs.

III. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on our federal programs.

IV. We acknowledge and understand our responsibility for the presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance and we believe such information, including its form and content, is fairly presented in accordance with the Uniform Guidance. We have included expenditures made during the period being audited for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance. The methods of measurement or presentation have not changed from those used in the prior period. We have informed you about any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

V. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit.

VI. We have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.

VII. We have made available all contracts and grant agreements (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.

VIII. We have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards or stated that there was no such noncompliance.

IX. We believe that we have complied with the direct and material compliance requirements.

X. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

XI. We have provided to you our interpretations of any compliance requirements that are subject to varying interpretations.

XII. We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

XIII. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

XIV. We are responsible for taking corrective action on audit findings of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

XV. We have disclosed the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.

XVI. We have disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by your report or we have stated that there were no such known instances.

XVII. We have disclosed whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditor's report.

XVIII. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.

XIX. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.

XX. We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.

XXI. We have issued management decisions for audit findings that relate to federal awards we make to subrecipients and that such management decisions are issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that the subrecipient takes timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient from us.

XXII. We have considered the results of subrecipient audits and have made any necessary adjustments to our own books and records.

XXIII. We have charged costs to federal awards in accordance with applicable cost principles.

XXIV. We are responsible for, and have accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance.

XXV. The reporting package does not contain protected personally identifiable information.

XXVI. We have accurately completed the appropriate sections of the data collection form.

XXVII. We have disclosed all contracts or other agreements with service organizations.

To the best of our knowledge and belief, no events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Therese W. McMillan– Executive Director

Brian Mayhew – Chief Financial Officer

Arleicka Conley – Section Director, Finance & Accounting

Debbie Atmaja – Assistant Director, Financial Reporting

Suzanna Bode – Assistant Director, Accounting Manager

Appendix 1

Materiality Levels

Fund Name	Materiality ($)
MTC General	160,000
AB 664	183,000
STA	489,000
Rail Reserves	41,000
BART Car Exchange	395,000
MTC Non Major	26,000
Gov Activities / Fund 299 (A)	774,000
BATA	849,000
Clipper	97,000
SAFE	25,000
BAHA	238,000
BAIFA	20,000
TDA / AB1107 / Clipper	524,000
ABAG	63,000
ABAG Non Major	5
POWER	15,000
FAN	2,500
375 Beale Condo Corporation	9,000

Appendix 2

Preliminary SUM items

Funds affected

FY 2019 SUM Entries - Business Type:

Entries	Reason	BATA	Clipper	SAFE	Business-Wide
DR/CR Operating Expenses	To correct expenses pertaining to FY 2019 that were not booked	$ 2,738,125	$ 82,115	$ 1,982	**$ 2,822,222**
CR/DR Accounts Payable		$ 2,738,125	$ 82,115	$ 1,982 $ -	**$ 2,822,222**

Total of Prior Year out-of-period adjustments:

	Reason	BATA	Clipper	SAFE	Business-Wide
DR/CR Income statement	To correct transactions pertaining to FY2018 that were subsequently booked in FY2019.	$ (1,995,583)	$ -	$ -	**$ (1,995,583)**
Net P/L Impact of Uncorrected Misstatements (rollover):		$ 742,542	$ 82,115	$ 1,982	**$ 826,639**

Financial Statements Metrics:

	BATA	Clipper	SAFE	Business-Wide
Operating Revenues	$ 751,563,073	$ 20,973,240	$ 6,865,827	$ 779,402,140
Operating Expenses	$ 174,407,488	$ 36,954,965	$ 12,892,398	$ 224,254,851
Non-operating Revenues (Expenses)	$ (680,257,479)	$ 1,483,873	$ 8,560,941	$ (670,212,665)
Transfers	$ (32,663,071)	$ 19,821,933	$ (9,086,669)	$ (21,927,807)
Change in Net Position	$ (135,764,965)	$ 5,321,081	$ (6,552,299)	$ (136,996,183)
Total current assets	$ 1,099,688,305	$ 25,367,508	$ 25,698,335	$ 1,150,754,148
Total non-current assets	$ 1,721,198,518	$ -	$ 687,688	$ 1,721,886,206
Total Deferred Outflows	$ 810,715,055	$ 1,248,219	$ 385,135	$ 812,348,409
Total current liabilities	$ 428,812,757	$ 7,981,285	$ 4,786,670	$ 441,580,712
Total non-current liabilities	$ 10,054,591,322	$ 2,085,597	$ 650,250	$ 10,057,327,169
Total Deferred Inflows	$ 1,451,326	$ 351,557	$ 108,472	$ 1,911,355
Total Net Position	$ (6,853,253,527)	$ 16,197,288	$ 21,225,766	$ (6,815,830,473)

Preliminary SUM items

Funds affected

FY 2019 SUM Entries - Governmental Funds:

Entries	Reason	MTC General	AB664	STA	Rail Reserves	BART Car	Non-Major	GW
DR/CR Operating Expenses	To correct expenses pertaining to FY 2019 that were not booked	$ 336,760	$ -	$ -	$ -	$ -	$ -	$ 336,760
CR/DR Accounts Payable		$ 336,760	$ -	$ -	$ -	$ -	$ -	$ 336,760

Total of Prior Year out-of-period adjustments:

	Reason	MTC General	AB664	STA	Rail Reserves	BART Car	Non-Major	GW
DR/CR Income statement	To correct transactions pertaining to FY2018 that were subsequently booked in FY2019	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net P/L Impact of Uncorrected Misstatements (rollover):		$ 336,760	$ -	$ -	$ -	$ -	$ -	$ 336,760

Financial Statements Metrics:

	MTC General	AB664	STA	Rail Reserves	BART Car	Non-Major	GW
Total Revenues	$ 77,556,629.00	$ 4,190,220.00	$ 286,026,668.00	$ 938,799.00	$ 9,146,008.00	$ 13,309,868.00	$ 391,168,192.00
Total Expenditures	$ 100,174,058.00	$ 35,536,285.00	$ 262,825,306.00	$ 5,683,677.00	$ 4,421.00	$ 13,824,948.00	$ 418,048,695.00
Total Assets	$ 67,956,468.00	$ 183,493,988.00	$ 148,714,828.00	$ 41,717,764.00	$ 395,254,870.00	$ 89,873,336.00	$ 927,011,254.00
Total Deferred Outflows	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Liabilities	$ 21,927,941.00	$ 30,190,365.00	$ 64,051,145.00	$ 5,056,281.00	$ 4,420.00	$ 4,839,876.00	$ 126,070,028.00
Total Deferred Inflows	$ -	$ 160,455,783.00	$ -	$ 129,079,644.00	$ -	$ 38,088,729.00	$ 327,624,156.00
Total Fund Balance	$ 67,956,468.00	$ (7,152,160.00)	$ 84,663,683.00	$ (92,418,161.00)	$ 395,254,870.00	$ 46,944,731.00	$ 495,249,431.00

Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

File #:	19-1096	**Version:** 1	**Name:**	
Type:	Report		**Status:**	Committee Approval
File created:	9/17/2019		**In control:**	MTC Audit Committee
On agenda:	10/23/2019		**Final action:**	

Title: MTC Reports on Federal Awards in Accordance with OMB Uniform Guidance for FY 2018-19

A report by PWC staff on the Uniform Guidance Report covering MTC and MTC SAFE's federal award programs.

Sponsors:

Indexes:

Code sections:

Attachments: 2b_MTC Reports on Federal Awards in Accordance with OMB Uniform Guidance for FY 2018-19.pdf

Date	Ver.	Action By	Action	Result

Subject:
MTC Reports on Federal Awards in Accordance with OMB Uniform Guidance for FY 2018-19

A report by PWC staff on the Uniform Guidance Report covering MTC and MTC SAFE's federal award programs.

Presenter:
Ian Fleming / Filip Nowak

Recommended Action:
Committee Approval

Agenda Item 2b

Metropolitan Transportation Commission

Reports on Federal Awards in Accordance With OMB Uniform Guidance For the Year Ended June 30, 2019

Component Units	EIN
Metropolitan Transportation Commission	94-1749911
MTC Service Authority for Freeways and Expressways	94-3196169

Metropolitan Transportation Commission
Reports on Federal Award Programs in Accordance With OMB Uniform Guidance
For the Year Ended June 30, 2019

Page(s)

Report of Independent Auditors 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*

To the Commissioners of The Metropolitan Transportation Commission:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information, of the Metropolitan Transportation Commission ("MTC") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise MTC's basic financial statements, and have issued our report thereon dated October 24, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MTC's internal control over financial reporting ("internal control") to determine the 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 MTC's internal control. Accordingly, we do not express an opinion on the effectiveness of MTC'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses *may exist that have not been identified.*

Compliance and Other Matters
As part of obtaining reasonable assurance about whether MTC'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

DRAFT

San Francisco, California
October 24, 2019

Report of Independent Auditors on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With the OMB Uniform Guidance

To the Commissioners of The Metropolitan Transportation Commission:

Report on Compliance for Each Major Federal Program

We have audited the Metropolitan Transportation Commission ("MTC")'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of MTC's major federal programs for the year ended June 30, 2019. MTC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of MTC's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about MTC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of MTC's compliance.

Opinion on Each Major Federal Program

In our opinion, MTC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of MTC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered MTC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of MTC's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 units, each major fund, and the aggregate remaining fund information of MTC as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise MTC's basic financial statements. We issued our report thereon dated Month XX, 2019, 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.

DRAFT

San Francisco, California
October 24, 2019

Metropolitan Transportation Commission
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2019

Federal Grantor/Pass Through Grantor Program or Cluster Title	Federal CFDA 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)	-	27,057
Total Highway Research and Development Program			-	27,057
Highway Planning and Construction Cluster				
Department of Transportation				
Pass Through from the California Department of Transportation				
Highway Planning and Construction				
	20.205	CML-6084 (160)	-	213,400
	20.205	STPCML-6160 (018)	-	379,046
	20.205	STPL-6084 (175)	-	112,045
	20.205	STPCML-6084 (177)	-	4,471,384
	20.205	STPCML-6084 (176)	-	1,884,751
	20.205	STPL-6084 (179)	-	60,657
	20.205	STPL-6084 (180)	-	974,558
	20.205	STPL-6084 (186)	2,044,967	2,356,014
	20.205	CML-6084 (188)	-	16,574
	20.205	CML-6084 (190)	-	234,189
	20.205	STPL-6084 (193)	749,137	820,610
	20.205	STPL-6084 (197)	-	361,672
	20.205	STPL-6084 (198)	-	1,239,478
	20.205	STPLNI-6084 (199)	70,000	1,202,198
	20.205	STPL-6084 (201)	-	297,207
	20.205	STPLNI-6084 (205)	-	310,121
	20.205	STPLNI-6160 (027)	-	221,811
	20.205	CML-6084 (202)	200,000	200,000
	20.205	CML-6084 (209)	-	1,536,299
	20.205	STPL-6084 (206)	10,403,880	10,403,880
	20.205	STPL-6084 (207	232,363	2,061,616
	20.205	CML-6084 (211)	-	279,968
	20.205	CML-6084 (210)	-	1,051,730
	20.205	CML-6084 (215)	-	425,648
	20.205	CMLNI-6084 (216)	-	1,021,767
	20.205	CMLNI-6084 (208)	-	77,387
	20.205	STPLNI-6084 (213)	-	3,044,413
	20.205	STPLNI-6084 (212)	-	490,917
	20.205	STPLNI-6084 (222)	-	262,394
	20.205	STPLNI-6084 (225)	-	78,089
	20.205	CMLNI-6084 (220)	-	26,248
	20.205	STPL-6084 (228)	84,875	345,516
	20.205	STPLNI-6084 (232)	159,764	416,279
	20.205	CMLNI-6084 (219)	-	1,600
	20.205	STPLNI-6084 (226)	22,610	2,956,251
	20.205	STPLNI-6084 (227)	-	542,243
	20.205	STPLNI-6084 (230)	-	28,039
	20.205	STPLNI-6084 (231)	-	161,510
	20.205	STPLNI-6084 (233)	3,584	7,125
	20.205	STPL-6084 (235)	-	11,857
	20.205	STPL-6084 (241)	-	2,320
Total Highway and Planning and Construction Cluster - MTC			13,971,180	40,588,811
	20.205	STPL 6160 (025)	-	2,669,641
			-	-
Total Highway and Planning and Construction Cluster - SAFE			-	2,669,641
Total Highway Planning and Construction Cluster			13,971,180	43,258,452
Total Federal Highway Administration (FHWA)			13,971,180	43,285,509

Metropolitan Transportation Commission
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2019

Federal Grantor/Pass Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed-Through to Sub-Recipients	Total Federal Expenditures
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 (FHWA TC)	-	7,567,773
	20.505	04 OWPMTCM (SP&R)	-	203,835
	20.505	04 OWPMTCM (FTA 5303 TC)	-	3,157,547
	20.505	04 OWPMTCM (FTA 5304)	261,650	509,226
Total Pass Through from the California Department of Transportation			261,650	11,438,381
Total Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research Program			261,650	11,438,381
Federal Transit Cluster				
Federal Transit Formula Grants				
Direct Awards				
Pass-Through From Golden Gate Bridge, Highway & Transportation District	20.507	CA-2016-120-00 (FTA 5307)	-	106,057
Subtotal: CFDA 20.507			-	106,057
State of Good Repair Grants Program				
Pass-Through From Golden Gate Bridge, Highway & Transportation District	20.525	CA-2016-120-00 (FTA 5337)	-	84,008
Subtotal: CFDA 20.525			-	84,008
Bus and Bus Facilities Formula Program				
Direct Awards				
CA-34-0001-00 (FTA 5339)	20.526		231,591	231,591
CA-34-0024-00 (FTA 5339)	20.526		667,973	667,973
CA-34-0032-00 (FTA 5339)	20.526		273,017	273,017
Subtotal: CFDA 20.526			1,172,581	1,172,581
Total Federal Transit Cluster			1,172,581	1,362,646
Transit Services Program Cluster				
Department of Transportation				
Enhanced Mobility of Seniors & Individuals with Disabilities				
Pass-Through from the California Department of Transportation	20.513	64AM18-00758	-	361,559
Subtotal: CFDA 20.513			-	361,559
Direct Awards				
Job Access And Reverse Commute Program				
CA-37-X104-00 (JARC)	20.516		20,061	20,061
CA-37-X133-00 (JARC)	20.516		52,883	52,883
CA-37-X164-00 (JARC)	20.516		43,739	43,739
CA-37-X177-00 (JARC)	20.516		113,219	113,219
Subtotal: CFDA 20.516			229,902	229,902
New Freedom Program				
CA-57-X109-00 (New Freedom)	20.521		62,279	113,565
Subtotal: CFDA 20.521			62,279	113,565
Total Transit Services Program Cluster			292,181	705,026
Total Federal Transit Administration (FTA)			1,726,412	13,506,053

Metropolitan Transportation Commission
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2019

Federal Grantor/Pass Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed-Through to Sub-Recipients	Total Federal Expenditures
Department of Interior				
U.S. Geological Survey				
Earthquake Hazards Program Assistance				
Pass-Through from Association of Bay Area Governments				
	15.807	G16AP00172	-	14,841
	15.807	G15AP00118	-	1,299
Subtotal: CFDA 15.807			-	16,140
Total Department of Interior			-	16,140
United States Environmental Protection Agency				
Brownfields Assessment and Cleanup Cooperative Agreements				
Brownfields Assessment and Cleanup Cooperative Agreements				
Pass-Through from Association of Bay Area Governments				
	66.818	BF-99T455	-	92,900
	66.618	BF-99761501	-	54,961
Subtotal: CFDA 66.818			-	147,861
Total United States Environmental Protection Agency			-	147,861
Department of Homeland Security				
Cooperating Technical Partners				
Pass-Through from Association of Bay Area Governments				
	97.045	EMF2017CA00007	-	181,962
Subtotal: CFDA 97.045			-	181,962
Total Department of Homeland Security			-	181,962
Total Expenditures for Federal Awards			15,697,592	57,137,525

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") including the MTC Service Authority for Freeways & Expressways ("SAFE") which is a blended component unit of MTC. MTC's reporting entity is defined in Note 1 to MTC's Comprehensive Annual Financial Report.

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.

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 as described in Section 200.414 of the Uniform Guidance. MTC's indirect cost rate is approved by its cognizant agency.

Metropolitan Transportation Commission
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section I—Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster:
20.205	Highway Planning and Construction Cluster

Dollar threshold used to distinguish between type A and type B programs:	$1,714,126
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

2019-001 – Management Decision Letter

Federal Awarding Agency: Department of Transportation (Passed through from the California Department of Transportation)
CFDA Number: 20.205
Program Title: Highway Planning and Construction (Highway Planning and Construction Cluster)
Award Year: 2018 – 2019

Criteria

Per CFR 200.331 (d)(3), the entity is responsible for issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by §200.521 Management decision.

Per CFR 200.521 (d), the Federal awarding agency or pass-through entity responsible for issuing a management decision must do so within 6 months of acceptance of the audit report by the Federal Audit Clearinghouse (FAC). The auditee must initiate and proceed with corrective action as rapidly as possible and corrective action should begin no later than upon receipt of the audit report.

Condition

In testing the entity's conformity with the compliance requirements for subrecipient monitoring, we sampled 5 subrecipients. For 2 out of the 5 subrecipients sampled, the Management Decision Letter (MDL) was not issued within 6 months of when the subrecipient's audit report was accepted by the FAC.

Questioned Cost

There are no question costs associated with this finding.

Cause

Due to staff turnover, the entity was short staffed and unable to train new employees to perform a review over the subrecipient audit reports. Thus, the responsibilities fell to a small number of employees which delayed them from filing the MDL in a timely manner.

Effect

MTC's ability to know if they are in compliance with UG requirements concerning their use of subrecipients could be impacted, which could lead to a delay in identifying unallowable or unallocable costs.

Recommendation

We recommend management implement a formal policy in which subrecipient audit reports are reviewed consistently every four to five months, to ensure no review lapses the six month deadline. In addition, management should look to train additional employees to perform the review and issue MDLs.

Management's Views and Corrective Action Plan

Management's response is reported in the Corrective Action Plan and is considered part of this report.

Metropolitan Transportation Commission
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

No matters were reported in the prior year that require an update in this report.

METROPOLITAN
TRANSPORTATION
COMMISSION

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

October 10, 2019

2019-001 – Management Decision Letter

The management of MTC concurs with finding No. 2019-001, Management Decision Letter, as stated within this report. We present the following corrective action plan.

Currently, the accounting manager issues management decision letters to subrecipients who have findings in their Uniform Guidance reporting package. While the reviews were performed within the six month period, the management decision letters were not issued within the six month period. It should be noted that findings reported by subrecipients did not pertain to federal funds awarded by MTC. Furthermore, all management decision letters have been issued at this time.

MTC agrees to evaluate our procedures and expand training to facilitate more frequent management decision letter reviews.

375 Beale Street, Suite 800
San Francisco, CA 94105

Metropolitan Transportation Commission

Legislation Details (With Text)

File #:	19-1211	**Version:**	1	**Name:**	
Type:	Resolution			**Status:**	Agenda Ready
File created:	10/16/2019			**In control:**	MTC Audit Committee
On agenda:	10/23/2019			**Final action:**	
Title:	FY 2018-19 Financial Reports and Year End Audit Results				
Sponsors:					
Indexes:					
Code sections:					
Attachments:	3_FY 2018-2019 Financial Reports and Year End Audit Results.pdf 3_FY 2018-2019 Financial Reports and Year End Audit Results_Presentationx.pdf				

Date	Ver.	Action By	Action	Result

Metropolitan Transportation Commission
Audit Committee

October 23, 2019 **Agenda Item 3**

FY 2018-19 Financial Reports and Year End Audit Results

Subject:
Recommendation: That the Audit Committee accept the combined reports including the Comprehensive Annual Financial Report (CAFR) and associated reports for the fiscal year ending June 30, 2019.

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

- Report to the Audit Committee
- MTC Report on Federal Awards in Accordance with OMB Uniform Guidance
- MTC Comprehensive Annual Financial Report (CAFR)
- Bay Area Headquarters Authority (BAHA) Financial Statements
- 375 Beale Street Condominium Corporation Financial Statements
- Bay Area Infrastructure Financing Authority (BAIFA) Financial Statements

The first two reports are communications between our audit firm, PWC and the Audit Committee. PWC 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 are unmodified meaning there are no significant deficiency or material weakness in financial controls.

If you have any questions about this report, please contact Brian Mayhew at (415) 778-6730

Therese W. McMillan

Attachment

METROPOLITAN TRANSPORTATION COMMISSION

FY 2018-2019 Financial Reports and Year End Audit Results

Metropolitan Transportation Commission (MTC)

MTC is the primary government for all operating funds and component units.

Highlights of the Comprehensive Annual Financial Report (CAFR) include…

MTC Net Position:

- **Adjusting for BATA debt, MTC has a positive Net Position of $3.3 billion.**

Metropolitan Transportation Commission
Statement of Net Position
June 30, 2019

	Primary Government				
	Governmental Activities	Business-Type Activities	Total	BAHA	BAIFA
ASSETS					
Cash - unrestricted	$ 233,828,476	$ 198,947,643	$ 432,776,119	$ 21,083,125	$ 13,948,848
Cash - restricted	791,148	134,462,035	135,253,183	4,780,457	-
Investments - unrestricted	188,413,734	762,580,398	950,994,132	-	-
Investments - restricted	392,965,102	1,590,303,411	1,983,268,513	-	-
Receivables:					
Accounts receivable	4,921,749	22,664,512	27,586,261	3,228,728	575,018
Interests receivable	2,842,770	28,006,440	30,849,210	42	-
Funding due from State/ Caltrans	73,953,517	8,745,354	82,698,871	-	-
Funding due from Federal	24,379,294	1,777,641	26,156,935	-	-
Prepaid items and other assets	1,426,361	433,152	1,859,513	375,948	3,332
Due from / (to) other funds	2,083,417	(2,083,417)	-	-	
Due from other governments	1,218,721	452,964	1,671,685	-	234,639
Net pension assets	-	-	-	-	3,392
Land	-	-	-	33,933,809	-
Capital assets not being depreciated	10,730	80,529,967	80,540,697	884,159	-
Capital assets net of accumulated depreciation/ amortization	401,264	37,664,698	38,065,962	174,462,989	-
TOTAL ASSETS	927,236,283	2,864,484,798	3,791,721,081	238,749,257	14,765,229
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount of refunding	-	468,708,078	468,708,078	-	-
Deferred outflows from pension	8,029,508	12,234,576	20,264,084	102,800	144,175
Deferred outflows from OPEB	10,105,462	3,781,599	13,887,061	129,378	183,744
TOTAL DEFERRED OUTFLOWS OF RESOURCES	18,134,970	484,724,253	502,859,223	232,178	327,919

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

Metropolitan Transportation Commission
Statement of Net Position
June 30, 2019

	Primary Government				
	Governmental Activities	Business-Type Activities	Total	BAHA	BAIFA
LIABILITIES					
Accounts payable and accrued liabilities	118,915,475	103,357,350	222,272,825	2,846,586	3,177,997
Accrued interest payable	3,032	103,406,517	103,409,549	-	-
Unearned revenue	5,219,029	107,441,902	112,660,931	587,176	-
Due to other governments	-	234,643	234,643	476,016	-
Due to 375 Beale Condo	-	-	-	651,615	-
Non-current liabilities					
Due within one year					
Long term debt	-	118,235,000	118,235,000	-	-
Other non-current liabilities	2,084,817	749,744	2,834,561	371,427	36,429
Due in more than one year					
Long term debt	-	9,525,191,484	9,525,191,484	-	-
Derivative instruments	-	443,108,680	443,108,680	-	-
Net Pension liability	19,889,459	9,323,602	29,213,061	69,659	-
Net OPEB liability	5,059,342	2,253,961	7,313,303	119,233	59,445
Regional Measure 3 Collection	-	65,746,714	65,746,714	-	-
Other non-current liabilities	2,301,384	11,702,728	14,004,112	186,760	40,912
TOTAL LIABILITIES	153,472,538	10,490,752,325	10,644,224,863	5,308,472	3,314,783
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows from pension	5,107,659	1,911,355	7,019,014	65,394	143,583
Deferred revenues/Deferred charges	327,624,156	(327,624,156)	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	332,731,815	(325,712,801)	7,019,014	65,394	143,583
NET POSITION					
Net investment in capital assets	279,411	118,194,665	118,474,076	209,280,957	-
Restricted for:					
Capital projects	529,376,950	4,454,292	533,831,242	4,780,457	-
Operations & Maintenance, under debt covenant	-	175,000,000	175,000,000	-	-
Extraordinary loss reserve, under Caltrans Coop	-	50,000,000	50,000,000	-	-
Unrestricted	(70,489,461)	(7,163,479,430)	(7,233,968,891)	19,546,155	11,634,782
TOTAL NET POSITION	$ 459,166,900	$ (6,815,830,473)	$ (6,356,663,573)	$ 233,607,569	$ 11,634,782

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

Statement of Net Position:

- **Total cash and investments for the Primary Government was $3.5 billion.**

MTC Enterprise Funds:

- **Substantially all MTC operating enterprises are in sound financial condition and have positive net positions.**
- **After adjustments for debt, the BATA enterprise operation has a positive net position.**

Metropolitan Transportation Commission
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Year Ended June 30, 2019

	Business-Type Activities - Enterprise Funds			
	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total Enterprise Funds
OPERATING REVENUES				
Toll revenues collected	$ -	$ 724,914,020	$ -	$ 724,914,020
Department of Motor Vehicles registration fees	-	-	6,865,827	6,865,827
Revenues from operators	19,512,881	-	-	19,512,881
Other operating revenues	1,460,359	26,649,053	-	28,109,412
TOTAL OPERATING REVENUES	20,973,240	751,563,073	6,865,827	779,402,140
OPERATING EXPENSES				
Operating expenses incurred by Caltrans	-	26,606,401	-	26,606,401
Operating expenses - Transbay JPA	-	5,026,046	-	5,026,046
Towing contracts	-	-	9,674,576	9,674,576
Professional fees	32,714,124	53,532,570	844,929	87,091,623
Allocations to other agencies	-	46,452,221	-	46,452,221
Salaries and benefits	2,700,953	10,710,303	810,728	14,221,984
Repairs and maintenance	3,000	-	434,257	437,257
Communication charges	30	290,941	178,755	469,726
Depreciation and amortization	-	8,132,738	369,002	8,501,740
Other operating expenses	1,536,858	23,656,268	580,151	25,773,277
TOTAL OPERATING EXPENSES	36,954,965	174,407,488	12,892,398	224,254,851
OPERATING INCOME (LOSS)	(15,981,725)	577,155,585	(6,026,571)	555,147,289

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, 2019

	Business-Type Activities - Enterprise Funds			
	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total Enterprise Funds
NONOPERATING REVENUES (EXPENSES)				
Investment income (charge)	1,048,843	(65,592,645)	466,769	(64,077,033)
Build America Bonds (BABs) interest subsidy	-	71,738,161	-	71,738,161
Interest expense	-	(451,812,293)	-	(451,812,293)
Financing fees and bond issuance costs	-	(9,822,335)	-	(9,822,335)
Other nonoperating expense	-	(397,979)	-	(397,979)
Caltrans/ other agency grants	2,978,384	9,291,780	5,632,529	17,902,693
Federal grants	5,257,310	-	2,669,641	7,926,951
Distributions to other agencies for their capital purposes	(11,799,346)	(146,573,332)	-	(158,372,678)
Distributions to Caltrans for their capital purposes	-	(103,746,197)	-	(103,746,197)
Return of contribution from BAHA and BAIFA	-	6,815,000	-	6,815,000
Loss on sale of capital assets	-	-	(207,998)	(207,998)
Other nonoperating revenues	3,998,682	9,842,361	-	13,841,043
TOTAL NONOPERATING REVENUES (EXPENSES)	1,483,873	(680,257,479)	8,560,941	(670,212,665)
INCOME (LOSS) BEFORE TRANSFERS	(14,497,852)	(103,101,894)	2,534,370	(115,065,376)
TRANSFERS				
Transfers to Metropolitan Transportation Commission	(83,545)	(31,063,071)	(6,086,669)	(37,233,285)
Transfers from Metropolitan Transportation Commission	15,305,478	-	-	15,305,478
Transfer between programs	4,600,000	(1,600,000)	(3,000,000)	-
TOTAL TRANSFERS	19,821,933	(32,663,071)	(9,086,669)	(21,927,807)
CHANGE IN NET POSITION	5,324,081	(135,764,965)	(6,552,299)	(136,993,183)
Total net position - beginning	10,873,207	(6,717,488,562)	27,778,065	(6,678,837,290)
Total net position - ending	$ 16,197,288	$ (6,853,253,527)	$ 21,225,766	$ (6,815,830,473)

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

MTC Governmental Funds:

- **Combined net worth of $473 million.**
- **AB664 and rail reserves have negative fund balances primarily due to the unamortized portion of advance funding from BATA over a 50 year period.**

Metropolitan Transportation Commission
Balance Sheet - Governmental Funds
June 30, 2019

	General	AB 664 Net Toll Revenue Reserve	STA	Rail Reserves	BART Car Exchange	Non-Major Governmental Funds	Total Governmental Funds
ASSETS							
Cash - unrestricted	$ 31,161,904	$ 50,776,779	$ 76,583,437	$ 16,755,773	$ -	$ 58,550,583	$ 233,828,476
Cash - restricted	178,810	-	-	-	612,338	-	791,148
Investment - unrestricted	227,042	132,142,836	-	24,834,501	-	31,209,355	188,413,734
Investment - restricted	-	-	-	-	392,965,102	-	392,965,102
Accounts receivable	753,906	-	167,843	-	-	-	921,749
Interest receivable	1,448	574,373	348,631	127,490	1,677,430	113,398	2,842,770
State/ Caltrans funding receivable	2,422,145	-	71,531,372	-	-	-	73,953,517
Federal funding receivable	24,379,294	-	-	-	-	-	24,379,294
Due from other funds	6,186,837	-	83,545	-	-	-	6,270,382
Due from other governments	1,218,721	-	-	-	-	-	1,218,721
Prepaid items and other assets	1,426,361	-	-	-	-	-	1,426,361
TOTAL ASSETS	$ 67,956,468	$ 183,493,988	$ 148,714,828	$ 41,717,764	$ 395,254,870	$ 89,873,336	$ 927,011,254
LIABILITIES							
Accounts payable and accrued expenditures	$ 15,855,995	$ 30,190,365	$ 63,426,638	$ 5,056,281	$ 4,420	$ 3,805,948	$ 118,339,647
Accrued interest payable	3,032	-	-	-	-	-	3,032
Deposit payable	250,000	-	-	-	-	-	250,000
Unearned revenue	2,964,556	-	-	-	-	-	2,964,556
Retention payable	325,828	-	-	-	-	-	325,828
Due to other funds	2,528,530	-	624,507	-	-	1,033,928	4,186,965
TOTAL LIABILITIES	21,927,941	30,190,365	64,051,145	5,056,281	4,420	4,839,876	126,070,028
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	-	160,455,783	-	129,079,644	-	38,088,729	327,624,156
TOTAL DEFERRED INFLOWS OF RESOURCES	-	160,455,783	-	129,079,644	-	38,088,729	327,624,156
FUND BALANCES							
Nonspendable							
Prepaid items	1,426,361	-	-	-	-	-	1,426,361
Restricted for:							
Transportation projects	-	-	84,663,683	-	-	15,156,649	99,820,332
Rail projects	-	-	-	-	395,250,450	-	395,250,450
Committed to:							
Benefits reserve	3,158,877	-	-	-	-	-	3,158,877
Transportation projects	2,518,085	-	-	-	-	31,788,082	34,306,167
Unassigned	38,925,204	(7,152,160)	-	(92,418,161)	-	-	(60,645,117)
TOTAL FUND BALANCES	46,028,527	(7,152,160)	84,663,683	(92,418,161)	395,250,450	46,944,731	473,317,070
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 67,956,468	$ 183,493,988	$ 148,714,828	$ 41,717,764	$ 395,254,870	$ 89,873,336	$ 927,011,254

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

31

Metropolitan Transportation Commission
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2019

	General	AB 664 Net Toll Revenue Reserve	STA	Rail Reserves	BART Car Exchange	Non-Major Governmental Funds	Total Governmental Funds
REVENUES							
Sales tax	$ 14,780,747	$ -	$ -	$ -	$ -	$ -	$ 14,780,747
Grants - Federal	49,227,115	-	-	-	-	-	49,227,115
Grants - State	3,444,519	-	283,484,414	-	-	3,308,186	290,237,119
Local agencies revenues and refunds	9,318,577	-	696,719	-	-	8,000,000	18,015,296
Investment income - unrestricted	785,671	4,190,220	1,845,535	938,799	-	2,001,682	9,761,907
Investment income - restricted	-	-	-	-	9,146,008	-	9,146,008
TOTAL REVENUES	77,556,629	4,190,220	286,026,668	938,799	9,146,008	13,309,868	391,168,192
EXPENDITURES							
Current:							
General government	84,438,538	13,163	-	5,590	4,421	10,230,569	94,692,281
Allocations to other agencies	15,706,738	35,523,122	262,825,306	5,678,087	-	3,575,379	323,308,632
Capital outlay	28,782	-	-	-	-	19,000	47,782
TOTAL EXPENDITURES	100,174,058	35,536,285	262,825,306	5,683,677	4,421	13,824,948	418,048,695
EXCESS/(DEFICIENCY) OF REVENUES OVER/(UNDER) EXPENDITURES	(22,617,429)	(31,346,065)	23,201,362	(4,744,878)	9,141,587	(515,080)	(26,880,503)
OTHER FINANCING SOURCES (USES)							
Transfers in	22,232,978	8,248,725	83,545	6,697,490	-	1,944,408	39,207,146
Transfers out	-	-	(15,644,580)	-	-	(1,634,759)	(17,279,339)
TOTAL OTHER FINANCING SOURCES (USES)	22,232,978	8,248,725	(15,561,035)	6,697,490	-	309,649	21,927,807
NET CHANGE IN FUND BALANCES	(384,451)	(23,097,340)	7,640,327	1,952,612	9,141,587	(205,431)	(4,952,696)
Fund balances - beginning	46,412,978	15,945,180	77,023,356	(94,370,773)	386,108,863	47,150,162	478,269,766
Fund balances - ending	$ 46,028,527	$ (7,152,160)	$ 84,663,683	$ (92,418,161)	$ 395,250,450	$ 46,944,731	$ 473,317,070

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

35

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

	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	$ 6,156,743	$ 4,923,634	$ 3,969,969	$ 3,699,768	$ 3,710,617
Interest	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	(1,053,719)	(3,383,252)	(352,537)	515,758	-
Benefit payments and refunds of contribution	(6,036,425)	(5,033,718)	(4,779,280)	(4,653,536)	(4,404,877)
Net change in total pension liability	4,603,024	16,215,517	8,969,454	6,650,396	8,158,478
Total pension liability - beginning	158,377,486	142,161,969	133,192,515	126,542,119	118,383,641
Total pension liability - ending	$ 162,980,510	$ 158,377,486	$ 142,161,969	$ 133,192,515	$ 126,542,119
Plan Fiduciary Net Position					
Contributions - employer	$ 5,457,108	$ 5,196,976	$ 4,128,694	$ 3,819,020	$ 3,313,040
Contributions - member	2,537,731	2,124,545	1,848,104	1,755,442	2,310,147
Net plan to plan resource movement	(309)	-	-	-	-
Net investment income	10,586,685	12,110,384	535,476	2,304,601	15,270,089
Benefit payments and refunds of contributions	(6,036,425)	(5,033,718)	(4,779,280)	(4,653,536)	(4,404,877)
Administrative expenses	(189,652)	(158,667)	(64,478)	(119,062)	-
Other miscellaneous income/(expense)[2]	(360,152)	-	-	-	-
Net change in plan fiduciary net position	11,994,986	14,239,520	1,668,516	3,106,465	16,488,399
Plan Fiduciary Net Position - beginning	121,706,196	107,466,676	105,798,160	102,691,695	86,203,296
Plan Fiduciary Net Position - ending	$ 133,701,182	$ 121,706,196	$ 107,466,676	$ 105,798,160	$ 102,691,695
Net Pension Liability - ending	$ 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	82.04%	76.85%	75.59%	79.43%	81.15%
Covered Payroll[1]	33,455,049	27,722,133	23,713,316	22,111,218	20,191,937
Plan Net Pension Liability as a Percentage of Covered Payroll[1]	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 Statements No. 67, No. 68, and No. 73.*

[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 five years' data is available.

115

Pension Liability:

- **Balance as of June 30, 2018 Actuarial Valuation**
  - **MTC's net pension liability decreased by $8 million.**
  - **An additional payment of $9.2 million was made in FY 2018-19.**
- **Changes in assumptions and investments may affect the future net pension liability.**

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

	2018*	2017*
Total OPEB liability		
Service Cost	$ 2,608,053	$ 2,495,744
Interest on the total OPEB liability	1,718,583	1,574,575
Changes of benefit terms	-	-
Difference between actual and expected experience	-	-
Changes of assumptions	-	-
Benefit payments	(1,026,974)	(937,878)
Administrative expense	-	-
Net change in total OPEB liability	3,299,662	3,132,441
Total OPEB liability - beginning	36,096,169	32,963,728
Total OPEB liability - ending (a)	$ 39,395,831	$ 36,096,169
OPEB Fiduciary Net Position		
Benefit payments	$ (1,026,974)	$ (937,878)
Contribution from employer	4,196,184	3,961,391
Net investment income	(151,961)	(70,798)
Administrative expense	(57,409)	(52,142)
Net change in plan fiduciary net position	2,959,840	2,900,573
Plan fiduciary net position - beginning	28,944,010	26,043,437
Plan fiduciary net position - ending (b)	31,903,850	28,944,010
Plan net OPEB liability - ending (a) - (b)	$ 7,491,981	$ 7,152,159
Plan fiduciary net position as a percentage of the total OPEB liability	80.98%	80.19%
Covered-employee payroll	$ 34,954,872	$ 28,784,959
Plan net OPEB liability of as a percentage of covered-employee payroll	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.

117

<u>OPEB (pages 100 - 105):</u>

- **Balance as of June 30, 2018 Actuarial Valuation**
  - **Total OPEB liability increased by $3 million.**
  - **The unfunded OPEB liability is now $7.5 million.**
  - **A payment of $8 million was made in FY 2018-19.**
- **Changes in assumptions and investments may affect the future net OPEB liability.**

Metropolitan Transportation Commission
Schedule of Computations Demonstrating
Bond Covenant Compliance - BATA Proprietary Fund
For the Year Ended June 30, 2019 — Schedule 11

	2019
Revenues	
Toll revenues collected	$ 724,914,020
Investment income	65,777,670
Other operating revenues	26,649,053
Revenues subtotal	817,340,743
Build America Bonds (BABs) interest subsidy	71,738,161
Derivative investment income (charge)	(131,370,314)
Total revenues	757,708,590
Operating expenses	
Operating expenses incurred by Caltrans	26,606,401
Services and charges - BATA	67,312,513
Transbay Terminal JPA operations	5,026,046
Total operating expenses before depreciation and amortization	98,944,960
Depreciation and amortization	8,132,738
Total operating expenses	107,077,698
Net operating income	650,630,892
Nonoperating expenses (revenues)	
Interest expense	451,812,293
Financing fees and bond issuance costs	9,822,336
Other nonoperating expenses	397,979
Caltrans/other agency operating grants	(9,291,780)
Other nonoperating revenues	(9,842,361)
Refund of contribution from BAHA and BAIFA	(6,815,000)
Total nonoperating expenses	436,083,467
Income before operating transfers	214,547,425
Operating transfers	
MTC / CLIPPER administrative & operating transfers	14,327,903
MTC transit transfers:	
AB 664 expenses	8,248,725
90% rail expenses	6,697,490
2% transit expenses	1,944,408
Allocations to other agencies (RM2)	46,452,221
Total operating transfers	77,670,747
Net income before capital transfers	136,876,678
Capital project expenses (revenues)	
Capital expenses	20,877,569
Distribution to Caltrans for their capital purposes	103,746,197
Distributions to other agencies for their capital purposes	146,573,332
Distributions to MTC	4,444,545
Transfer from SAFE	(3,000,000)
Total capital project expenses	272,641,643
Change in net position	(135,764,965)
Total net position - beginning	(6,717,488,562)
Total net position - ending	$ (6,853,253,527)

Metropolitan Transportation Commission
Schedule of Computations Demonstrating
Bond Covenant Compliance - BATA Proprietary Fund *continued*
For the Year Ended June 30, 2019 — Schedule 11

	2019
Senior Bond - Debt Service Covenant	
Net revenue[1]	$ 790,734,342
Debt service[2]	267,246,281
Debt service coverage[4]	2.96
Debt service coverage - bond covenant requirement	1.20
Net revenue[1] plus operations & maintenance reserve	$ 965,734,342
Fixed charges[5], operating transfer and costs[7]	333,052,451
Fixed charges coverage	2.90
Fixed charges coverage - bond covenant requirement	1.25
Combined Bonds - Debt Service Covenant	
Net revenue[1]	$ 790,734,342
Debt service[3,10], operating transfer and costs[7,11]	521,525,174
Sum sufficient coverage	1.52
Sum sufficient coverage - bond covenant requirement	1.00
Net revenue[1,6]	$ 730,776,073
Debt service[3]	443,959,132
Subordinate debt service coverage	1.65
Subordinate debt service coverage - bond covenant requirement	1.20
Self insurance reserve - Caltrans Cooperative Agreement[9]	$ 50,000,000
Operations & maintenance reserve[8,9]	175,000,000
Rehabilitation reserve[9]	210,000,000
Project/self insurance reserve & variable rate risk reserve[9]	$ 565,000,000

[1] Revenues subtotal less Caltrans operating expenses.

[2] Senior debt service expense less BABs interest subsidy on senior bonds plus principal retirement of $53,280,000.
[3] Total debt service expense less BABs interest subsidy plus principal retirement of $63,885,000.
[4] Based on debt outstanding from May 24, 2001 to February 26, 2019.
[5] Fixed charges comprise debt service.
[6] Net revenues less Maintenance A transfer and net of BATA service charges against other agency operating grants.
[7] Operating transfer and costs include RM 2 operating costs less amortization of Transit Transfer to MTC (Transit Transfer obligation for the next 42 years was fulfilled in early September 2010).
[8] Minimum required operation & maintenance reserve is $59 million, but currently maintained at $175 million.
[9] Designated reserves through BATA resolution.
[10] Debt service includes Maintenance A transfer.
[11] Financing costs.

Bay Area Headquarters Authority (BAHA)

BAHA is responsible for the management and operation of the Bay Area Metro Center (BAMC), including sales (of condominium interests in BAMC) and leasing activity, and maintaining BAMC.

Highlights of the BAHA Financial Statements include…

Bay Area Headquarters Authority
Statements of Net Position
June 30, 2019 and 2018

	2019	2018
ASSETS		
Current assets:		
Cash - unrestricted	$ 21,083,125	$ 17,705,858
Cash - restricted	4,780,457	3,627,118
Accounts receivable	3,228,728	237,904
Due from other governments	-	4,438
Accrued interest	42	18
Prepaid expenses	375,948	553,468
Total current assets	29,468,300	22,128,804
Non-current assets:		
Capital assets, not being depreciated	34,817,968	33,933,809
Capital assets, net of accumulated depreciation	174,462,989	185,202,008
Total non-current assets	209,280,957	219,135,817
TOTAL ASSETS	238,749,257	241,264,621
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows from pension	102,800	343,203
Deferred outflows from OPEB	129,378	112,705
TOTAL DEFERRED OUTFLOWS OF RESOURCES	232,178	455,908
LIABILITIES		
Current liabilities:		
Accounts payable	583,390	446,901
Retention payable	70,696	422,384
Accrued liabilities	2,192,500	1,863,000
Unearned revenue	587,176	-
Compensated absences liability	25,651	58,596
Tenants' security deposits	345,776	52,651
Due to other government	476,016	476,016
Due to 375 Beale Condo	651,615	773,279
Total current liabilities	4,932,820	4,092,827
Non-current liabilities:		
Net pension liability	69,659	381,354
Net OPEB liability	119,233	181,305
Compensated absences liability	28,808	62,187
Tenants' security deposits	157,952	160,452
Total non-current liabilities	375,652	785,298
TOTAL LIABILITIES	5,308,472	4,878,125
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows from pension	65,394	-
TOTAL DEFERRED INFLOWS OF RESOURCES	65,394	-
NET POSITION		
Net investment in capital assets	209,280,957	219,135,817
Restricted (expendable) for capital projects	4,780,457	3,627,118
Unrestricted	19,546,155	14,079,469
TOTAL NET POSITION	$ 233,607,569	$ 236,842,404

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

7

- **Cash assets are up $4.5 million.**
  - **Cash of $4.7 million is restricted for the 1st floor retail space.**
- **Consecutive years of positive net position.**

Bay Area Headquarters Authority
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2019 and 2018

		2019		2018
OPERATING REVENUE				
Rental income	$	9,318,889	$	8,044,593
Assessment fees		152,000		-
Other operating revenues		499,544		484,542
TOTAL OPERATING REVENUE		9,970,433		8,529,135
OPERATING EXPENSES				
Salaries and benefits		411,866		1,226,051
Professional fees		590,653		1,403,185
Repairs and maintenance		989,511		988,124
Property management service		255,764		266,336
Property management commission		31,969		40,857
Insurance		179,794		179,855
Security		499,772		459,087
Cleaning service		650,551		618,436
Communication charges		-		32,951
Utilities		420,386		453,286
Computer maintenance and services		442,222		403,193
Supplies and equipment rental		31,554		184,419
Refund of excess assessment fees		-		901,385
Depreciation		6,638,385		6,433,075
Overhead		266,144		536,690
Possessory tax		599,002		1,346,538
Other		527,200		398,393
TOTAL OPERATING EXPENSES		12,534,773		15,871,861
OPERATING LOSS		(2,564,340)		(7,342,726)
NONOPERATING REVENUES AND EXPENSES				
Interest income		187,496		226,876
Other nonoperating revenues		131,311		152,326
Loss on sale of capital assets		(254,989)		-
Return of contribution to BATA		(3,900,000)		-
Miscellaneous income		266		532,630
TOTAL NONOPERATING REVENUES (EXPENSES)		(3,835,916)		911,832
LOSS BEFORE CAPITAL CONTRIBUTION / TRANSFERS		(6,400,256)		(6,430,894)
CAPITAL CONTRIBUTION / TRANSFERS				
Contribution from BAAQMD		3,150,000		-
Tenant contribution for tenant improvements		15,421		56,370
TOTAL CAPITAL CONTRIBUTION / TRANSFERS		3,165,421		56,370
CHANGE IN NET POSITION		(3,234,835)		(6,374,524)
Net position - Beginning of year		236,842,404		243,216,928 *
Net position - End of year	$	233,607,569	$	236,842,404

* In fiscal year 2018, beginning balance was restated due to the adoption of GASB statement No. 75. See Note 6 for additional information.

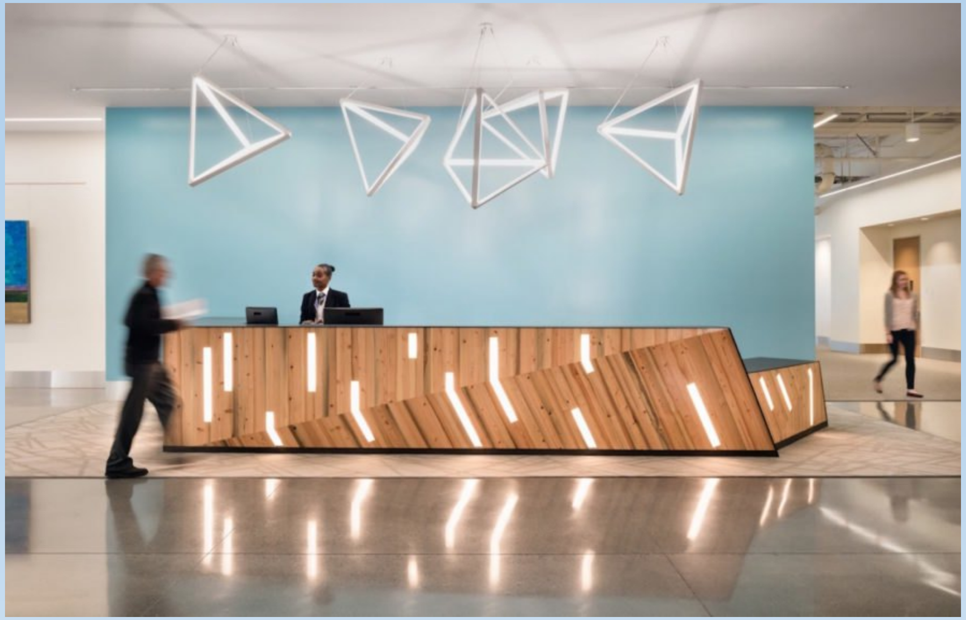
The accompanying notes are an integral part of the financial statements.

- **The building is now fully occupied.**
- **Rental income increased by approximately $1.3 million as a result of additional temporary office space leased.**
- **BAHA operations show a positive cash flow for FY 2018-19, excluding depreciation.**
- **In FY 2018-19, BAHA returned $3.9 million to BATA.**
- **BAAQMD acquired 8th floor office space for a purchase price of $4.4 million.**
- **San Francisco Bay Conservation & Development Commission (BCDC) moved into BAMC in mid-August 2019.**

375 Beale Condominium Corporation

The 375 Beale Condominium Corporation (Condo Corp) is managed by the three condominium owners, BAHA, BAAQMD and the Association of Bay Area Governments (ABAG).

Highlights of the Condo Corp Financial Statements include…



375 Beale Condominium Corporation
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2019 and 2018

	2019	2018
Operating Revenues		
Assessment fees	$ 5,462,864	$ 5,299,175
Refund of excess assessment fees	(811,613)	(1,224,203)
Net assessment fees	4,651,251	4,074,972
Total operating revenues	4,651,251	4,074,972
Operating Expenses		
Common area	3,137,932	2,992,007
Shared services	1,523,036	1,089,052
Total operating expenses	4,660,968	4,081,059
Operating loss	(9,717)	(6,087)
Nonoperating Revenues		
Interest income	9,717	5,196
Miscellaneous revenues	-	891
Total nonoperating revenues	9,717	6,087
Change in Net Position	-	-
Net Position - Beginning of Year	-	-
Net Position - End of Year	$ -	$ -

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

8

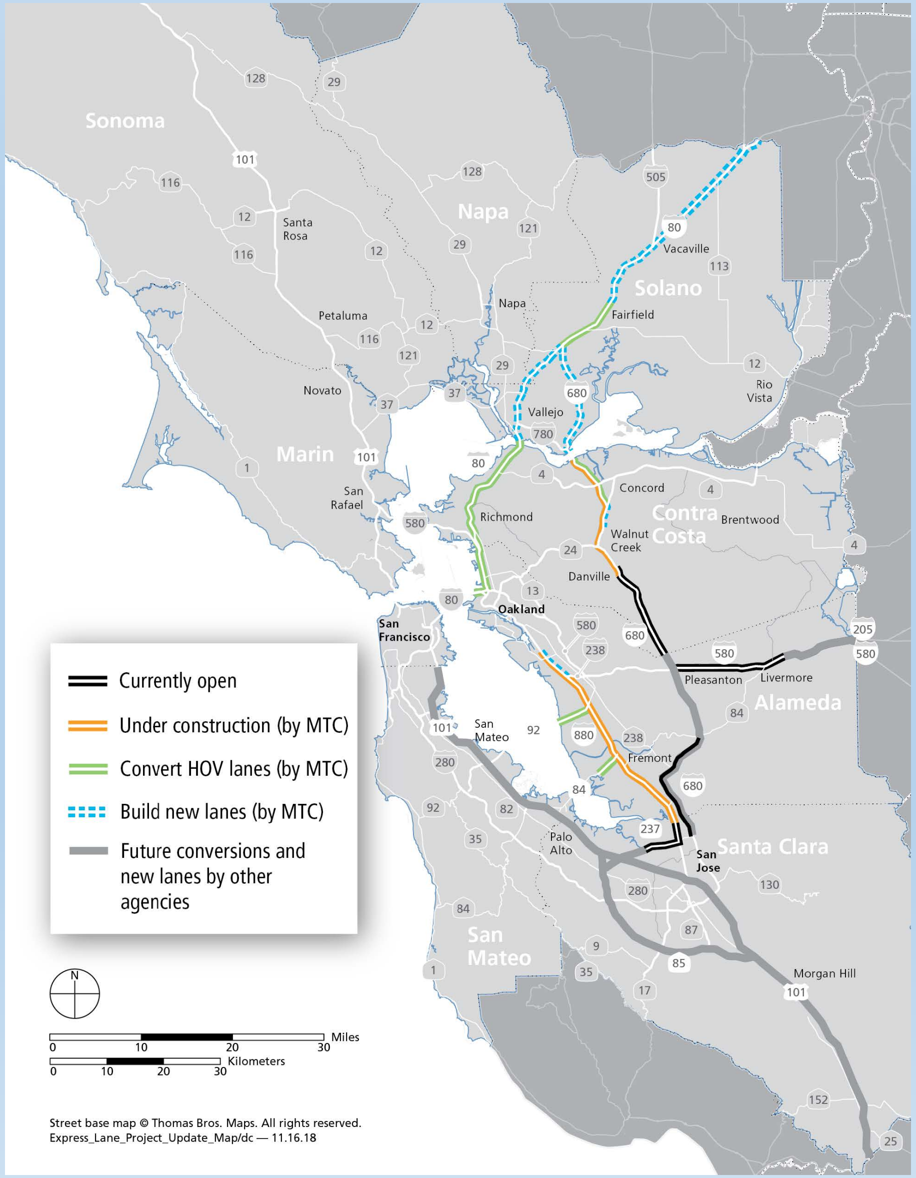
- **Net Assessment Fees are aligned with operating costs for the year.**
- **There was a $811,613 refund of assessment fees to MTC and the BAAQMD. ABAG's operating costs are capped.**
- **The operation is intended to be self-supporting with any positive or negative adjustment made in the following year.**

Bay Area Infrastructure Financing Authority (BAIFA)

BAY AREA **EXPRESS LANES**

BAIFA's mission is to develop and manage the 270 mile Express Lane Network (ELN) which went operational in October 2017. The FY 2018-19 financial report is the second year under the new ELN operating responsibilities.

Highlights of the BAIFA Financial Statements include…



Bay Area Infrastructure Financing Authority
Statements of Net Position
June 30, 2019 and 2018

	2019	2018
Assets		
Current assets		
Cash	$ 13,948,848	$ 7,893,198
Accounts receivable	575,018	269,155
Due from other governments	234,639	491,407
Prepaid expenses	3,332	3,562
Total current assets	14,761,837	8,657,322
Non-current assets		
Net pension assets	3,392	-
Total non-current assets	3,392	-
Total Assets	14,765,229	8,657,322
Deferred outflows of resources		
Deferred outflows from pension	144,175	110,494
Deferred outflows from OPEB	183,744	63,486
Total deferred outflows of resources	327,919	173,980
Liabilities		
Current liabilities		
Accounts payable	900,139	396,551
Accrued liabilities	2,277,858	28,570
Due to other governments	-	218,838
Compensated absences liabilities	36,429	33,006
Total current liabilities	3,214,426	676,965
Non-current liabilities		
Net pension liabilities	-	87,276
Net OPEB liabilities	59,445	51,021
Compensated absences liabilities	40,912	35,029
Total non-current liabilities	100,357	173,326
Total Liabilities	3,314,783	850,291
Deferred inflows of resources		
Deferred inflows from pension	143,583	32,017
Total deferred inflows of resources	143,583	32,017
Net Position		
Unrestricted	11,634,782	7,948,994
Total net position	$ 11,634,782	$ 7,948,994

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

7

- **BAIFA ended FY 2018-19 with nearly $14 million in cash, $6.1 million more than FY 2017-18.**
- **In June 2019, the BAIFA board approved the transfer of Express Lanes Capital Program from BATA to BAIFA.**
- **In FY 2019-20, full assets and liabilities will be included in the financial statements going forward.**

Bay Area Infrastructure Financing Authority
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2019 and 2018

	2019	2018
Operating Revenues		
Toll revenues collected	$ 11,730,498	$ 7,850,387
Other operating revenues	1,942,206	1,230,351
Total operating revenues	13,672,704	9,080,738
Operating Expenses		
Salaries and benefits	681,387	681,675
Professional fees	5,800,758	2,739,164
Bank charges	375,391	285,408
Overhead	393,367	334,322
Other operating expenses	90,934	63,088
Total operating expenses	7,341,837	4,103,657
Operating income	6,330,867	4,977,081
Nonoperating Revenues (Expenses)		
Interest income	269,921	56,913
Contribution from BATA	-	2,915,000
Return of contribution to BATA	(2,915,000)	-
Total nonoperating revenues (expenses)	(2,645,079)	2,971,913
Change in Net Position	3,685,788	7,948,994
Net Position - Beginning of year	7,948,994	-
Net Position - Ending of year	$ 11,634,782	$ 7,948,994

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

8

- **Express lane operations ended the first two operating years with a surplus.**
- **Revenue increased by 34% compared to FY 2017-18. The number of trip transactions increased by 640,335.**
- **BAIFA returned approximately $2.9 million to capital funding.**
- **Ending Net Position is up $3.6 million.**
- **All capital and operating costs will be transferred from BATA in FY 2019-20, with the anticipation of a positive return on investments.**

375 Beale Street, Suite 800
San Francisco, CA 94105

Metropolitan Transportation Commission

Legislation Details (With Text)

File #:	19-1101	**Version:**	1	**Name:**	
Type:	Report			**Status:**	Committee Approval
File created:	9/17/2019			**In control:**	MTC Audit Committee
On agenda:	10/23/2019			**Final action:**	
Title:	MTC Comprehensive Annual Financial Report for FY 2018-19				
Sponsors:					
Indexes:					
Code sections:					
Attachments:	3a_MTC Comprehensive Annual Financial Report for FY 2018-19.pdf				

Date	Ver.	Action By	Action	Result

Subject:
MTC Comprehensive Annual Financial Report for FY 2018-19

Presenter:
Arleicka Conley

Recommended Action:
Committee Approval

Agenda Item 3a

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Years Ended
June 30, 2019 and June 30, 2018

Prepared by the MTC Finance Section
State of California

Metropolitan Transportation Commission

METROPOLITAN
TRANSPORTATION
COMMISSION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Years Ended June 30, 2019 and June 30, 2018

Prepared by the
MTC Finance Section

State of California

Metropolitan Transportation Commission
June 30, 2019 and 2018
Table of Contents

CONTENTS

CONTENTS

METROPOLITAN
TRANSPORTATION
COMMISSION

Bay Area Metro Center
375 Beale Street, Suite 800
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October XX, 2019

Honorable Chair
Members of the Metropolitan Transportation Commission

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) for the Metropolitan Transportation Commission (MTC), its blended and discretely presented component units and fiduciary funds for the fiscal year ended June 30, 2019. 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, 2019. Because the cost of internal controls should not outweigh their benefits, 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 here for the fiscal year ended June 30, 2019, are free of material misstatement. In addition, MTC is required to undergo a Single Audit of Federal Programs conducted under the provisions of Titl 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The agency's independent auditors, PricewaterhouseCoopers LLP, have issued an unmodified opinion on the Metropolitan Transportation Commission's financial statements for the year ended June 30, 2019. The report of independent auditors 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 report of the independent auditors.

The CAFR for the fiscal year ended June 30, 2019, 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. The Commission consists of eighteen voting and three non-voting members 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), and the Bay Area Toll Authority (BATA). 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) and Bay Area Infrastructure Financing Authority (BAIFA). These are two Joint Powers Authorities exercising joint powers between MTC and BATA.

Local economy:

The Bay Area economy continued to grow throughout fiscal year 2019. The sales tax revenues increased for the ninth straight fiscal year. The Bay Area has strong industry diversification across its top performing companies compared to other U.S. economic centers. The major industries are technology, financial services, energy, consumer products, insurance and tourism. San Francisco has seen the job market increase by 1.3%

over the last year, and future job growth over the next ten years is predicted to be 39.1%, which is higher than the US average of 33.5%. The continued growth in the Bay Area economy continue to have positive impacts to MTC revenues.

Long-term financial planning:

MTC has been the recipient of the growing and expanding economy of the San Francisco Bay Area for the past nine years. Since the Great Recession sales tax revenue has grown over 60%. Over the same period, however, staffing and affiliated costs have risen over 68%, including the incorporation of the entire operating functions, including 70 employees of the Association of Bay Area Governments (ABAG). Increased pressure on operating costs combined with the vulnerability of MTC revenue to economic swings creates an opportunity to review operations and costs for potential operating efficiencies. MTC has already committed to retiring the outstanding Other Post Employment Benefit (OPEB) debt in fiscal 2020 as well as initiating a five-year plan to retire the remaining unfunded pension obligation. These changes will help insulate MTC operations from future economic swings.

Financial Policies:

MTC continues to maintain strong financial policies for budget and reserve structures that help protect against economic swings and maintain operating liquidity. Policies require submission of balanced budgets with reasonable estimates for future revenue and expense projections. Further, MTC has achieved these goals in all funds with the exception for pension and OPEB liabilities in the MTC general fund. These reserves help provide the operating liquidity to fund grant based contracts and projects on a project readiness basis rather than forcing delays for cash-flow management.

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 comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. This was the sixteenth 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 CAFR 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 CAFR 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 of this report would not have been possible without the dedicated service of the finance staff. I thank the MTC finance staff for their hard work and dedication in producing this report in an accurate and timely manner.

Sincerely,

Brian Mayhew
Chief Financial Officer

Metropolitan Transportation Commission

Staffing Organization as of July 1, 2019

ABAG Executive Board
David Rabbitt
President

MTC Commission
Scott Haggerty
Chair

BARC (2)
Allison Brooks
Lucian Go

EXECUTIVE DIRECTOR (12)
Therese W. McMillan
Rosy Leyva
Kimberly Ward
Martha Silver
Kim Chase
Fred Castro
Vacant – 2

OFFICE OF GENERAL COUNSEL (6)
Adrienne Weil *
Cynthia Segal
Leslie Miessner
Matthew Lavrinets
Ron Ceguera
Vacant – 1

DEPUTY EXECUTIVE DIRECTOR LOCAL GOVERNMENT SERVICES
Brad Paul

ESTUARY PARTNERSHIP (13)
Caitlin Sweeney
Director

Adrien Baudrimont
Joshua Bradt
Natasha Dunn
Susan Glendening
Athena Honore
Elizabeth Juvera
Darcie Luce
Karen McDowell
James Muller
Heidi Nutters
Leslie Perry
Sarina Seaton

(5)

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Cindy Chen
Ryan Jacoby
Karen Kristiansson
Shraddha Mutyal

ADVANCING CALIFORNIA FINANCE AUTHORITY (1)

Max Lelu

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Alix Bockelman

INTEGRATED PLANNING DEPARTMENT (43)
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Director

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Ben Botkin
Harold Brazil
Elizabeth Bugarin
JoAnna Bullock
Ada Chan
James Choe
Joshua Croff
Benjamin Espinosa
Maureen Gaffney
Michael Germeraad
Rachael Hartofelis
Lee Huo
Shimon Israel
Johnny Jaramillo
Cynthia Kroll
Christy Leffall
Pilar Lorenzana
Bobby Lu
Matt Maloney
Raleigh McCoy
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Kara Oberg
Aksel Olsen
Michael Reilly
Mark Shorett
Krute Singa
Kearey Smith
Michael Smith
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Laura Thompson
Kaya Tollas
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Kenneth Folan
Theresa Hannon
Shruti Hari
Christina Hohorst
Robert Jaques
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Megan Magill
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Theresa Romell
John Saelee
Judis Santos
Drennen Shelton
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Sui Tan

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Karin Betts
Wally Charles
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Rebecca Long
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Jay Stagi
Michele Stone
Julie Teglovic
Raquel Trinidad
Julie Tunnell
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Eva Bedford
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Donna Bregman-Fletcher
Michael Brinton
Luz Campos
Carlos Crespo
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Pico Junior
John Kannegieser
Sandy Kim
Gertruda Luermann
Andrew Nguyen
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Jennifer Bedford-Seibert
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Sean Bugler
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Corey Dodge
Derrick Fesler
Brooke Fotheringham
Queli Go
Stephen Hohorst
Pratul Kant
Yong Lee
Joel Markowitz
Gilbert Mingming
Roslyn Morris-Singh
Martin Munoz
Alysha Nachtigall
Bruce Samar
Ravi Selvanayagam
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Maung Than
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Jess Thomas
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Tristan Lall
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Gary Szeto
Stephen Terrin
Emily Van Wagner
Stephen Wolf

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Michelle Go
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Michael Kerns
Vijay Kesavan
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Christopher Lillie
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Sylvia Cox
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Shauna Harper
James Hebert
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Mike Lee
Edward Meng
Mey Phu
Wilfred Poon
Andrea Stenquist
Lynn Valdivia
Jason Weinstein
David Weir
Beth Zelinski

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Helen Woo

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Director

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Suzanne Bode
Sonia Elsonbaty
Elena Federis
Roger Fralich
Abbey Haile
Girma Kebede
Betty Lam
Suk Li
Nancy Louie
Yijia Ma
Heather Madison
Lucy Ng
Sebi Osa-Idehen
Anna Pan
Saranya Sundaramani
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Celia Imperial
William Leung
Gary Louie
Winnie Lum
Nicholas Mar
Mabel Melkonians
Paul Nijjar
Jackie Suen
Lourdes Tang
Darren Wong
Victor Wong
Eudora Wu

Vacant – 1

Therese W. McMillan, Executive Director

289 Approved FY20 Positions
**Advises Commission and Executive Board Directly*

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Scott Haggerty, Chair	Alameda County
Alfredo Pedroza, Vice Chair	Napa County and Cities
Jeannie Bruins	Cities of Santa Clara County
Damon Connolly	Marin County and Cities
Dave Cortese	Santa Clara County
Carol Dutra-Vernaci	Cities of Alameda County
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Federal D. Glover	Contra Costa County
Anne W. Halsted	SF Bay Conservation and Development Commission
Nick Josefowitz	San Francisco Mayor's Appointee
Sam Liccardo	San Jose Mayor's Appointee
Jake Mackenzie	Sonoma County and Cities
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
Warren Slocum	San Mateo County
James P. Spering	Solano County and Cities
James Stracner	U.S. Department of Housing and Urban Development
Tony Tavares	California State Transportation Agency
Amy R. Worth	Cities of Contra Costa County

APPOINTED OFFICIALS

Therese McMillan	Executive Director
Adrienne Weil	Legal Counsel

Government Finance Officers Association

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Metropolitan Transportation Commission

California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

Report of Independent Auditors

To the Commissioners of the
Metropolitan Transportation Commission:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Metropolitan Transportation Commission (the "Commission") as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Metropolitan Transportation Commission as of June 30, 2019 and 2018, and, where applicable, the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The accompanying management's discussion and analysis (MD&A) on pages 10 through 24 and other required supplementary information ("RSI") on pages 111 through 119 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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 Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The other supplementary schedules identified in the table of contents under Other Supplementary Information and appearing on pages 121 through 142 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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, these supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Introductory and Statistical Sections

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The introductory and statistical sections on pages 1 through 6 and pages 144 through 160 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

DRAFT
San Francisco, California
Month XX, 2019

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 years ended June 30, 2019 and 2018. Except as otherwise stated, all amounts described below are expressed in thousands of dollars.

A. Financial Highlights

Fiscal year 2019 was another busy and productive year for MTC. Sales tax continued to increase as the economy showed signs of continued expansion. The following are some of the highlights from fiscal year 2019:

- Sales tax revenue in the region has increased for nine straight years increasing by nearly 68% since FY 2010.
- Clipper®, the region's smart card program for public transit, reached 2.9 million active cards in use, an increase of 21% from FY 2018.
- MTC's first Express Lane project on I-680 Contra Costa was opened on October 9, 2017, collecting $13.4 million in toll revenue for the FY 2019. The express lane toll revenue is reported on the Bay Area Infrastructure Financing Authority (BAIFA) financial statement.
- The first Regional Measure 3 (RM 3) $1 toll increase took effect on January 1, 2019. The total revenue collection for the FY 2019 was $65.4 million. Under the direction of the Commission, RM3 toll collection is deposited into an escrow account pending the outcome of the litigation. The revenue is recorded as Regional Measure 3 Collection (see Note 11).
- In June 2019, the agency made additional payments of $9,229,824 and $8,000,000 to paydown its pension and OPEB liability respectively.

All MTC operating units, MTC, Bay Area Toll Authority (BATA) and MTC Service Authority for Freeways and Expressways (MTC SAFE) adopted FY 2018-2019 balanced budgets.

B. Overview of the Financial Statements

The government-wide financial statements provide an overview of MTC, as well as its blended and discretely presented component units. 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 MTC at the end of fiscal years 2019 and 2018. 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 2019 and 2018 fiscal years. 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 two discretely presented component units. The governmental funds are comprised of the general fund, the special revenue funds and the capital project funds. The business or proprietary funds are MTC Clipper®, BATA, MTC SAFE, the Bay Area Infrastructure Authority (BAIFA), and the Bay Area Headquarters Authority (BAHA).

MTC Clipper® is an enterprise fund that oversees the region's transit fare payment program. BATA and MTC SAFE are blended component units (legally separate) whose transactions are presented as business-type funds. BAIFA and BAHA are discretely presented component units on the government-wide financial statements. MTC also holds and administers three fiduciary funds 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 25 - 30 of this report with the accompanying notes being presented on pages 52 - 107.

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 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 governmental funds to governmental activities.

MTC's governmental funds include a general fund, four 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 31 - 37 of this report. A schedule detailing the non-major special revenue funds is included on pages 120 - 121 of this report.

MTC adopts annual budgets for all funds. However, a comparison of budget-to-actual is required only for certain governmental funds (major funds) and these are presented on pages 110 - 114 of this report. A comparison of budget to actual is also presented for non-major funds on pages 122 - 125.

ii.) Proprietary Funds

Proprietary funds are used to report business-type activities. MTC has three proprietary funds, MTC Clipper®, BATA and MTC SAFE. BATA and MTC SAFE are presented as blended component units of MTC as proprietary funds on the government-wide and fund financial statements. 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. 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 $8.8 billion 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.

The financial statements of the proprietary funds are prepared on an accrual basis and are on pages 38 - 49.

iii.) *Fiduciary Funds*

Fiduciary funds are used to account for resources held in a trust or agent 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 funds of MTC use the economic resources measurement focus and the accrual basis of accounting.

MTC has three fiduciary funds, Transportation Development Act (TDA), BART Half-Cent Sales Tax (AB 1107), and the Clipper® funds. Revenue for the first two of these funds is derived from sales tax revenues. The revenue for the TDA fund is deposited in MTC’s name as fiduciary with the respective treasurer in each of the nine counties in the region. Revenue for the AB 1107 fund is deposited with the State of California. MTC has administrative oversight for the allocation of these funds. The Clipper® fiduciary fund, used for the Clipper® transit fare payment program, tracks the cash balances and receivables held on behalf of the Clipper® program, as well as the patron liability for the prepaid card balance.

The fiduciary funds financial statements are presented on page 50 of this report.

iv.) *Discretely Presented Component Units*

The Bay Area Infrastructure Financing Authority (BAIFA) was established in August 2006 as a separate public entity pursuant to the California Joint Exercise of Powers Act, to plan capital projects and obtain funding in the form of grants, contributions, appropriations, loans and other assistance. The Joint Exercise of Powers Agreement was amended in March 2013 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 Bay Area Headquarters Authority (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.

Both BAIFA and BAHA are presented as proprietary funds in the discretely presented component unit columns of the government-wide financial statements because they do not meet the criteria for blending under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61.

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.

E. Government-Wide Financial Analysis

Total government-wide liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources for fiscal year 2019 by $6,356,890 and for fiscal year 2018 by $6,220,626 as illustrated in the following table. This represents a decrease in net position for fiscal year 2019 of $136,264 and of $28,154 for fiscal year 2018. The main cause of the net position deficit for both years is the impact of BATA financing the bridges' toll projects while Caltrans and the State of California own title to the bridges. As such, the asset of the toll bridge projects which are recorded as assets on the State of California and not on BATA's books. The implementation of GASB Statement No. 75, *Postemployment Benefits Other Than Pensions* in fiscal year 2018 also resulted in a decrease in the total governmental wide beginning net position by $11,154. Refer to Note 1 L to the financial statements for further information.

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

i.) Statement of Net Position

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

Metropolitan Transportation Commission's Statement of Net Position

	Governmental Activities			Business-Type Activities			Total		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Cash and investments	$ 815,998	$ 814,655	$ 818,161	$ 2,686,293	$ 2,712,718	$ 2,886,639	$ 3,502,291	$ 3,527,373	$ 3,704,800
Receivables	109,400	114,872	74,570	59,563	56,450	50,644	168,963	171,322	125,214
Other assets	1,426	824	9,110	433	422	412	1,859	1,246	9,522
Capital assets	412	569	593	118,195	89,436	78,054	118,607	90,005	78,647
Total assets	927,236	930,920	902,434	2,864,484	2,859,026	3,015,749	3,791,720	3,789,946	3,918,183
Deferred outflows	18,135	12,929	9,289	484,724	497,831	327,324	502,859	510,760	336,613
Other liabilities	126,449	107,509	103,003	433,424	374,400	340,476	559,873	481,909	443,479
Long term liabilities	27,250	31,336	25,598	10,057,327	10,004,631	9,973,192	10,084,577	10,035,967	9,998,790
Total liabilities	153,699	138,845	128,601	10,490,751	10,379,031	10,313,668	10,644,450	10,517,876	10,442,269
Deferred inflows	332,732	346,793	365,493	(325,713)	(343,337)	(360,494)	7,019	3,456	4,999
Net position:									
Net investment in capital assets	279	358	364	118,195	89,436	78,054	118,474	89,794	78,418
Restricted	529,377	528,724	489,425	229,454	201,343	200,266	758,831	730,067	689,691
Unrestricted (deficit)	(70,716)	(70,871)	(72,160)	(7,163,479)	(6,969,616)	(6,888,421)	(7,234,195)	(7,040,487)	(6,960,581)
Total net position	$ 458,940	$ 458,211	$ 417,629	$ (6,815,830)	$ (6,678,837)	$ (6,610,101)	$ (6,356,890)	$ (6,220,626)	$ (6,192,472)

Total cash and investments decreased by $25,082 and $177,427 in FY 2019 and FY 2018 respectively. The decrease in both fiscal years for the business-type activities is mainly due to drawdowns for project expenses in BATA. The increase in the governmental fund for FY 2019 is mainly due to a payment from Contra Costa Transportation Authority for the Exchange fund. The decrease in governmental fund for FY 2018 is primarily due to the drawdowns of the eBART project.

Deferred outflows decreased by $7,901 in FY 2019 following an increase of $174,147 in FY 2018. The decrease in FY 2019 is mainly due to the amortization of deferred amounts on refunding bonds of $23,183, offset by the increase on both pension and OPEB deferred outflow of $15,282. The increase in FY 2018 is mainly due to the increase in the deferred amounts on refunding bonds of $169,755 from the 2017 Series S-7 bond.

Long-term liabilities increased by $48,610 in FY 2019 after an increase of $37,177 in FY 2018. The increase in FY 2019 is due to the net change in derivative instruments liability (as a result of the decrease in the fair value) and the Regional Measure 3 (RM 3) Collection, offset mainly by the decrease in the long-term bonds payable. The increase in FY 2018 is mainly due to the increase in the long-term bonds payable.

Other liabilities increased by $77,964 and $38,430 in FY 2019 and FY 2018 respectively. The increase in FY 2019 is mainly from the increase in the debt payable due in FY 2020 as well as accounts payable and accrued liabilities, offset by the decrease in the payable to Caltrans. The increase in FY 2018 is mainly due to the increased payable to Caltrans and unearned revenue.

The net position decreased by $136,264 or 2.2 percent in FY 2019 following a decrease of $28,154 or 0.5 percent in FY 2018. The net position of the business-type activities decreased by $136,993 or 2 percent and $68,736 or 1 percent for FY 2019 and FY 2018 respectively. The decrease in FY 2019 is due to the drawdown of bond proceeds for project expenses. BATA is the financing arm for the RM 2, Seismic Retrofit and bridge rehabilitation programs. The bond proceeds from BATA's debt obligations are used to reimburse Caltrans and other agencies for capital construction costs on the seven state-owned toll bridges and other transit operators for RM2 projects. Since title to the projects remains with Caltrans or the transit operators, the combination of increased debt to pay for project expenditures creates a negative asset, or deficit. The deficit will be eliminated by future toll revenues as projects are completed and debt service payments retire the outstanding bonds. The net position of governmental activities increased by $729 or 0.2 percent in FY 2019 and $40,582 or 10 percent in FY 2018. The increase in the current fiscal year is mainly due to an increase in high occupancy vehicles (HOV) fines and payments from Association of Bay Area Government (ABAG) and San Francisco Bay Restoration Authority (SFBRA) while the prior fiscal year is primarily due to the increase in receivables from the State for STA fourth quarter and SGR second allocation payments as both are due at the end of the fiscal year.

ii.) Statement of Activities

The net position for governmental activities increased in both FY 2019 and FY 2018, while the net position for business-type activities decreased in FY 2019 and in FY 2018. The increase in net position in governmental activities for both FY 2019 and FY 2018 is the result of a significant increase in grants funded by new revenue sources such as Senate Bill 1 (SB1).

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

The decrease in net position for business-type activities FY 2019 is mainly the result of derivatives charge and transfers for project costs. The decrease in net position for business-type activities for FY 2018 is the result of increases in BATA project financing and expense activities. A breakdown of this activity is illustrated in the table below.

Metropolitan Transportation Commission's Statement of Activities

	Governmental Activities			Business-Type Activities			Total		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Revenues:									
Program Revenues:									
Charges for service	$ -	$ -	$ -	$ 779,402	$ 785,383	$ 772,292	$ 779,402	$ 785,383	$ 772,292
Operating grants and contributions	371,968	303,748	247,211	99,175	90,664	88,931	471,143	394,412	336,142
Capital grants and contributions	-	-	-	12,234	11,294	9,220	12,234	11,294	9,220
General revenues:									
Investment earnings (charges)	18,908	9,426	4,257	(64,077)	105,878	171,808	(45,169)	115,304	176,065
Return of contribution from BAHA/ BAIFA	-	-	-	6,815	-	29,700	6,815	-	29,700
Gain (loss)on sale of capital assets	-	-	6,628	-	-	1,378	-	-	8,006
Total revenues	390,876	313,174	258,096	833,549	993,219	1,073,329	1,224,425	1,306,393	1,331,425
Expenses:									
General government	104,246	87,487	103,883	-	-	-	104,246	87,487	103,883
Allocation to other agencies	307,829	192,139	204,295	-	-	-	307,829	192,139	204,295
Toll bridge activities	-	-	-	886,760	988,187	980,645	886,760	988,187	980,645
Clipper® smart card	-	-	-	48,754	44,885	45,094	48,754	44,885	45,094
Congestion relief	-	-	-	13,100	10,696	11,463	13,100	10,696	11,463
Total expenses	412,075	279,626	308,178	948,614	1,043,768	1,037,202	1,360,689	1,323,394	1,345,380
Change in net position before transfers	(21,199)	33,548	(50,082)	(115,065)	(50,549)	36,127	(136,264)	(17,001)	(13,955)
Transfers in/(out)	21,928	17,142	15,231	(21,928)	(17,142)	(15,231)	-	-	-
Changes in net position	729	50,690	(34,851)	(136,993)	(67,691)	20,896	(136,264)	(17,001)	(13,955)
Net position - Beginning	458,211	407,521 *	452,480	(6,678,837)	(6,611,146)*	(6,630,997)	(6,220,626)	(6,203,625)*	(6,178,517)
Net position - Ending	$ 458,940	$ 458,211	$ 417,629	$ (6,815,830)	$ (6,678,837)	$ (6,610,101)	$ (6,356,890)	$ (6,220,626)	$(6,192,472)

* In fiscal year 2018 beginning balances were restated due to the adoption of GASB Statement No. 75.

Management does not believe that Governmental Funds 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.

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 three years:

	Business-Type Activities								
	Bay Area Toll Authority			MTC SAFE			MTC Clipper		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Revenues:									
Toll revenues	$ 724,914	$ 727,350	$ 720,784	$ -	$ -	$ -	$ -	$ -	$ -
Other operating revenues	26,649	28,379	26,477	6,866	6,706	6,716	20,973	22,948	18,315
Total revenues	751,563	755,729	747,261	6,866	6,706	6,716	20,973	22,948	18,315
Operating expenses:									
Operating expenses incurred by Caltrans/Transbay JPA	31,632	30,382	29,710	-	-	-	-	-	-
Other operating expenses	142,775	137,838	135,508	12,892	10,569	11,463	36,955	36,327	34,276
Total operating expenses	174,407	168,220	165,218	12,892	10,569	11,463	36,955	36,327	34,276
Operating income/(loss)	577,156	587,509	582,043	(6,026)	(3,863)	(4,747)	(15,982)	(13,379)	(15,961)
Nonoperating revenues/(expenses)									
Investment income/(charges)	(65,593)	105,499	171,697	467	281	72	1,049	98	39
BABs interest subsidy	71,738	71,451	71,298	-	-	-	-	-	-
Interest expense	(451,812)	(455,268)	(452,372)	-	-	-	-	-	-
Financing fees and bond issuance costs	(9,822)	(15,014)	(3,371)	-	-	-	-	-	-
Other nonoperating expense	(398)	(16)	(10,377)	-	-	-	-	-	-
Operating grants	9,292	9,665	9,535	8,302	6,956	6,574	8,235	8,163	7,280
Distributions to other agencies for capital purposes	(250,320)	(346,755)	(349,307)	-	-	-	(11,799)	(8,558)	(10,818)
Return of contribution from BAHA/ BAIFA	6,815	-	29,700	-	-	-	-	-	-
Contribution to BAIFA	-	(2,915)	-	-	-	-	-	-	-
Gain (loss) on sale of capital assets	-	-	757	(208)	(127)	621	-	-	-
Other nonoperating revenues	9,842	2,592	1,525	-	-	-	3,999	3,131	1,939
Total nonoperating revenues/(expenses)	(680,258)	(630,761)	(530,915)	8,561	7,110	7,267	1,484	2,834	(1,560)
Change in net position before contribution and transfers	(103,102)	(43,252)	51,128	2,535	3,247	2,520	(14,498)	(10,545)	(17,521)
Transfers	(32,663)	(32,884)	(29,316)	(9,087)	(738)	(310)	19,822	16,480	14,395
Change in net position	(135,765)	(76,136)	21,812	(6,552)	2,509	2,210	5,324	5,935	(3,126)
Net position - Beginning	(6,717,489)	(6,641,353) *	(6,662,357)	27,778	25,269 *	23,118	10,873	4,938 *	8,242
Net position - Ending	$ (6,853,254)	$ (6,717,489)	$ (6,640,545)	$ 21,226	$ 27,778	$ 25,328	$ 16,197	$ 10,873	$ 5,116

* In fiscal year 2018 beginning balances were restated due to the adoption of GASB Statement No. 75.

BATA is the largest of MTC's business-type activities and one of the highest-rated transportation enterprises in transportation projects under Regional Measures 1 and 2, however BATA does not own the assets that are constructed. The negative net position will resolve itself from future toll revenue and the amortization of toll revenue bond debt.

BATA's toll revenue decreased by $2,436 in FY 2019 after an increase of $6,566 in FY 2018. BATA saw a decrease in two axle peak hours traffic on the San Francisco Oakland Bay and Richmond bridges. The remaining five bridges actually saw paid traffic increase and, in addition carpool traffic increased in FY 2019. The increase in FY 2018 mainly due to the increase in the two-axle vehicles across the seven bridges. Detailed traffic count is available in the Statistical Section, Table 7.

BATA's other operating revenues, consisting primarily of toll violation payments, decreased by $1,730 in FY 2019 compared to an increase of $1,902 in FY 2018. The decrease in violation revenue in FY 2019 is likely related to the slight drop in overall traffic, just as the violation revenue increase for FY 2018 followed increased traffic.

BATA's total operating expenses rose by $6,187 and by $3,002 in FY 2019 and FY 2018 respectively. The majority of the increase in FY 2019 are from the professional fees, bank charges, and project costs reimbursement to other agencies. The increase in fiscal year 2018 is due to the increase in project cost reimbursements to other agencies.

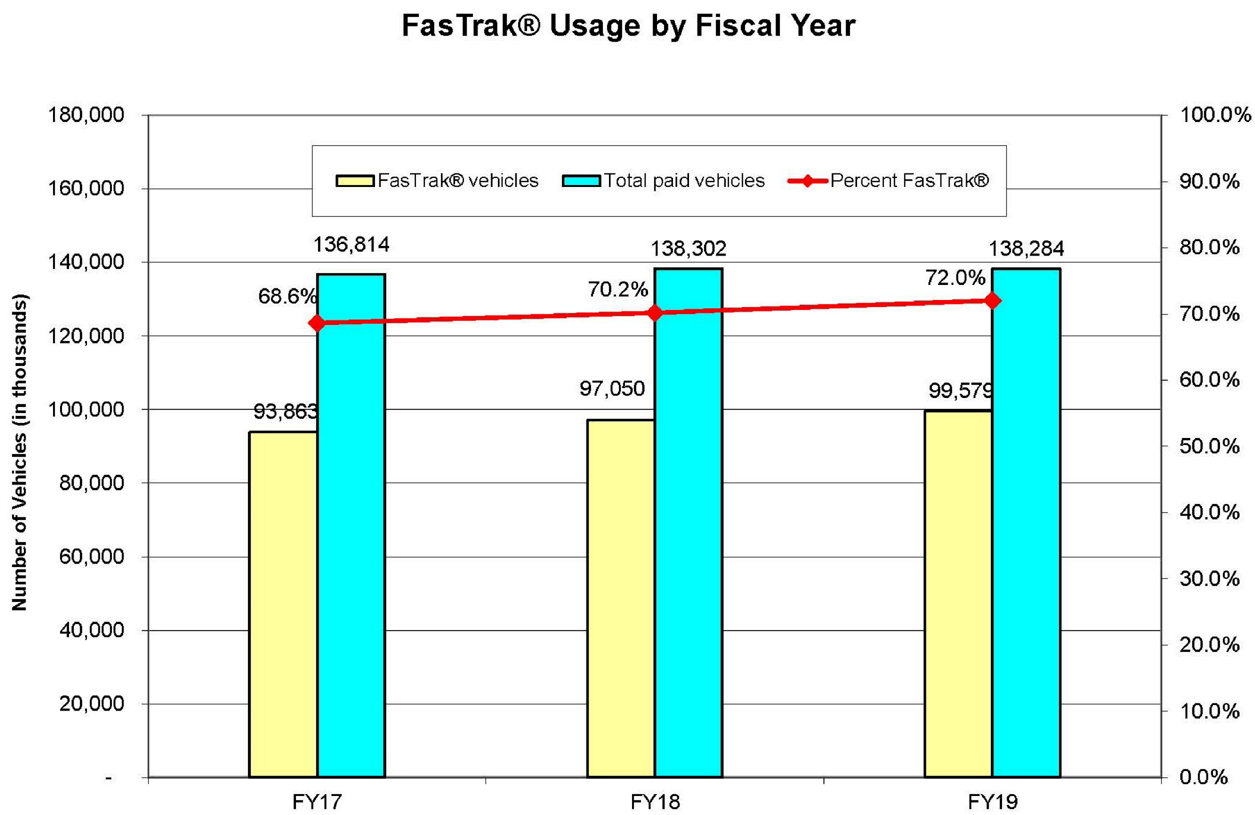
BATA's net investment income decreased by $171,092 in FY 2019 and by $66,198 in FY 2018. In FY 2019, BATA had investment earnings of $65,778, but the unrealized loss of $131,370 from the change in the fair value of derivative investments resulted in a negative net investment income. In FY 2018, net investment income was comprised of $79,044 of unrealized gain on derivative instruments and $26,455 of investment earnings. The investment earnings increased in FY 2019 from FY 2018 mainly due to slightly higher interest rates.

BATA's Build America Bonds interest subsidy is the federal subsidy from the U. S. Government. The increase of $287 in FY 2019 is due to a lower subsidy rate reduction compared to FY 2018. The actual amount of subsidy will decrease in the future based on bond amortization and subsequent reductions from budget sequestration. The subsidy rate of 37% was reduced by 6.2% and 6.6% through sequestration in FY 2019 and 2018 respectively.

BATA's interest expense decreased by $3,456 in FY 2019 compared to an increase of $2,896 in FY 2018. Although in FY 2019, BATA's bond and swap interest expenses are higher, these were offset by payments from the counterparties, which resulted in a decrease in net interest expense. The increase in FY 2018 is due to higher bond interest payments.

BATA's financing fees and other nonoperating expenses decreased by $4,810 in FY 2019 compared to an increase of $1,282 in FY 2018. The decrease in FY 2019 is primarily due to lower bond issuance costs and financing fees. The increase in FY 2018 is due to issuance costs of new bonds.

Traffic from the FasTrak® electronic toll collection (ETC) program continues to increase. ETC paid vehicles comprised 72.0 percent of the total paid traffic in FY 2019 compared to 70.2 percent in the prior fiscal year. The graph below illustrates the increase in FasTrak® usage for the last three years.



MTC SAFE's operating revenues increased by $160 in FY 2019 and decreased by $10 in FY 2018. All nine counties had an increase in DMV revenues for FY 2019 whereas in FY 2018 San Francisco, Santa Clara and Alameda counties had decreases in DMV revenues.

Operating expenses for MTC SAFE increased by $2,323 in FY 2019 and decreased by $894 in 2018. Approximately seventy five percent of the increase in FY 2019 is due to higher towing contracts. The decrease in FY 2018 is mainly due to lower repairs and maintenance costs.

MTC SAFE's nonoperating grants increased by $1,346 in FY 2019 compared to an increase of $382 in FY 2018. The FY 2019 increase is mainly due to SB1 grant to fund the Freeway Service Patrol program.

MTC Clipper® operating revenues decreased by $1,975 in FY 2019 and increased by $4,633 in FY 2018. The decrease in FY 2019 is due to a decrease in escheatment revenue offset by revenue from operators. The increase in FY 2018 is primarily due to escheatment revenue from unregistered clipper cards.

Operating expenses for MTC Clipper® increased in both fiscal years by $628 and $2,051 respectively. For FY 2019, the increase is primarily due to salaries, benefits and overhead. The increase in FY 2018 is largely due to an increase in professional fees.

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

Non-operating revenue which consists of federal, state and local grants increased by $940 in FY 2019 and $2,075 in FY 2018. For both years, the increase is primarily due to revenue from the clipper card fees. Total transfers for both 2019 and 2018 increased by $3,342 and $2,085 respectively to support the Clipper operations and projects.

G. Financial Analysis of Governmental Funds

The following table illustrates the revenues and expenditures in the governmental funds for the past three fiscal years. Refer to page 37 for the reconciliation of the governmental funds to the Statement of Activities.

	Governmental Funds		
	2019	2018	2017
Revenues:			
Sales taxes	$ 14,781	$ 13,650	$ 13,089
Grants - Federal	49,227	54,365	65,220
Grants - State	290,237	222,417	105,027
Local agencies revenues and refunds	18,015	13,247	63,532
Investment income	18,908	9,427	4,257
Total revenues	391,168	313,106	251,125
Expenditures:			
Current:			
General government	94,692	64,713	68,456
Allocations to other agencies	323,535	215,949	228,987
Capital outlay	48	159	165
Total expenditures	418,275	280,821	297,608
Other financing sources (uses)	21,928	17,142	14,955
Net change in fund balance	(5,179)	49,427	(31,528)
Fund balance - beginning	478,270	428,843	460,371
Fund balance - ending	$ 473,091	$ 478,270	$ 428,843

Total revenue increased by $78,062 in FY 2019 and increased by $61,981 in FY 2018. The increase in revenues for FY 2019 is primarily due to an increase in STA revenue of $66,846 and investment income of $9,481. The increase in FY 2018 is mainly due to an increase in STA revenue of $115,471 from excise tax increase offset by a decrease of $52,548 from BART Car Exchange.

Overall, governmental fund expenditures increased by $137,454 in FY 2019 and decreased by $16,787 in FY 2018. The general government increase in FY 2019 of $29,979 is primarily due to an increase in salaries, benefits and professional fees while the decrease in FY 2018 of $3,743 is mainly due to a decrease in professional fees, offset by an increase in salaries and benefits. Allocations to other agencies increased by $107,586 in FY 2019 and is mainly due to the increase in capital project expenditures for the AB664 and STA funds. The decrease in FY 2018 is due to the completion of the eBART project.

Other financing sources increased in both fiscal years by $4,786 and $2,187, respectively. The increase for the current fiscal year is due to additional funding from BATA to support the Bay Bridge Forward project while the increase in prior fiscal year is due to additional funding from BATA for General fund projects.

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

H. General Fund Budget

The MTC general fund budget for FY 2019 was amended from the adopted budget by $53,880 in increased revenues and $68,276 in increased expenditures. The actual revenues-to-expenditures balance for FY 2019 reflects a deficit of $384. The budget was increased to accomodate new revenue from SB 1.

	General Fund			
	Adopted Budget	Final Budget	Actual	Variance
Revenues	$ 174,424	$ 228,304	$ 77,557	$ (150,747)
Expenditures	216,185	284,461	100,174	184,287
Excess/(Deficiency)	(41,761)	(56,157)	(22,617)	33,540
Transfers in	38,778	53,126	22,233	(30,893)
Net change in fund balance	(2,983)	(3,031)	(384)	2,647
Fund balance - beginning	46,413	46,413	46,413	-
Fund balance - ending	$ 43,430	$ 43,382	$ 46,029	$ 2,647

MTC's federal and state funding sources are on a reimbursement basis, so it is not unusual for actual revenues to lag behind the adopted budget.

I. Capital Asset Administration

MTC's investment in capital assets for all funds, governmental and proprietary, is $118,607 for FY 2019 and $90,005 for FY 2018 as reported under the accrual basis of accounting. The increase for both fiscal years is primarily due to the development of the Express Lane program. I-680 Contra Costa Express Lanes between Walnut Creek and San Ramon opened for operations on October 9, 2017. Conversion to express lanes of the existing I-880 HOV lanes between Oakland and Milpitas is underway and is scheduled to be completed in early 2020. Addtional information on MTC's capital assets is disclosed in Note 4 to the financial statements. Assets relating to the seven state-owned bridges administered by BATA are owned by Caltrans.

J. Long-Term Debt Administration

During FY 2019, BATA completed a current refunding of $402,105, and an advance refunding of $126,240. BATA administers a debt portfolio of $9,387,965. All of BATA's swaps were ineffective for accounting purposes in both FY 2019 and FY 2018. Therefore, the changes in fair values of investment derivative instruments are reported within the investment income classification in the Statement of Revenue, Expenses and Changes in Net Position. The fair value of the swap portfolio decreased by $131,370 in FY 2019. BATA's interest expense on the $3,275,000 of federally taxable Build America Bonds was $218,747 after the federal subsidy of $71,738, the net interest expense was $147,009.

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

K. Economic Factors Impacting MTC

The Bay Area economy continues to expand. The unemployment rate continues to decrease to all time lows and sales taxes continue to increase. These impacts include:

- Sales tax revenues increased for the nine straight fiscal year, increasing by 8.3 percent and 4.3 percent for fiscal years 2019 and 2018 respectively. Sales tax revenue for fiscal year 2020 is projected to be flat.
- Unemployment in the Bay Area dipped below 3 percent in June 2019, slighty lower compared 3.1 percent in June 2018.
- Building construction and housing continues to be strong, and demand for consumer goods is strong.

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, 2019 and 2018

Metropolitan Transportation Commission
Statement of Net Position
June 30, 2019

	Primary Government				
	Governmental Activities	Business-Type Activities	Total	BAHA	BAIFA
ASSETS					
Cash - unrestricted	$ 233,828,476	$ 198,947,643	$ 432,776,119	$ 21,083,125	$ 13,948,848
Cash - restricted	791,148	134,462,035	135,253,183	4,780,457	-
Investments - unrestricted	188,413,734	762,580,398	950,994,132	-	-
Investments - restricted	392,965,102	1,590,303,411	1,983,268,513	-	-
Receivables:					
Accounts receivable	4,921,749	22,664,512	27,586,261	3,228,728	575,018
Interests receivable	2,842,770	28,006,440	30,849,210	42	-
Funding due from State/ Caltrans	73,953,517	8,745,354	82,698,871	-	-
Funding due from Federal	24,379,294	1,777,641	26,156,935	-	-
Prepaid items and other assets	1,426,361	433,152	1,859,513	375,948	3,332
Due from / (to) other funds	2,083,417	(2,083,417)	-	-	
Due from other governments	1,218,721	452,964	1,671,685	-	234,639
Net pension assets	-	-	-	-	3,392
Land	-	-	-	33,933,809	-
Capital assets not being depreciated	10,730	80,529,967	80,540,697	884,159	-
Capital assets net of accumulated depreciation/ amortization	401,264	37,664,698	38,065,962	174,462,989	-
TOTAL ASSETS	927,236,283	2,864,484,798	3,791,721,081	238,749,257	14,765,229
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount of refunding	-	468,708,078	468,708,078	-	-
Deferred outflows from pension	8,029,508	12,234,576	20,264,084	102,800	144,175
Deferred outflows from OPEB	10,105,462	3,781,599	13,887,061	129,378	183,744
TOTAL DEFERRED OUTFLOWS OF RESOURCES	18,134,970	484,724,253	502,859,223	232,178	327,919

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

Metropolitan Transportation Commission
Statement of Net Position
June 30, 2019

	Primary Government				
	Governmental Activities	Business-Type Activities	Total	BAHA	BAIFA
LIABILITIES					
Accounts payable and accrued liabilities	119,142,052	103,357,350	222,499,402	2,846,586	3,177,997
Accrued interest payable	3,032	103,406,517	103,409,549	-	-
Unearned revenue	5,219,029	107,441,902	112,660,931	587,176	-
Due to other governments	-	234,643	234,643	476,016	-
Due to 375 Beale Condo	-	-	-	651,615	-
Non-current liabilities					
Due within one year					
Long term debt	-	118,235,000	118,235,000	-	-
Other non-current liabilities	2,084,817	749,744	2,834,561	371,427	36,429
Due in more than one year					
Long term debt	-	9,525,191,484	9,525,191,484	-	-
Derivative instruments	-	443,108,680	443,108,680	-	-
Net Pension liability	19,889,459	9,323,602	29,213,061	69,659	-
Net OPEB liability	5,059,342	2,253,961	7,313,303	119,233	59,445
Regional Measure 3 Collection	-	65,746,714	65,746,714	-	-
Other non-current liabilities	2,301,384	11,702,728	14,004,112	186,760	40,912
TOTAL LIABILITIES	153,699,115	10,490,752,325	10,644,451,440	5,308,472	3,314,783
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows from pension	5,107,659	1,911,355	7,019,014	65,394	143,583
Deferred revenues/Deferred charges	327,624,156	(327,624,156)	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	332,731,815	(325,712,801)	7,019,014	65,394	143,583
NET POSITION					
Net investment in capital assets	279,411	118,194,665	118,474,076	209,280,957	-
Restricted for:					
Capital projects	529,376,950	4,454,292	533,831,242	4,780,457	-
Operations & Maintenance, under debt covenant	-	175,000,000	175,000,000	-	-
Extraordinary loss reserve, under Caltrans Coop	-	50,000,000	50,000,000	-	-
Unrestricted	(70,716,038)	(7,163,479,430)	(7,234,195,468)	19,546,155	11,634,782
TOTAL NET POSITION	$ 458,940,323	$ (6,815,830,473)	$ (6,356,890,150)	$ 233,607,569	$ 11,634,782

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

Metropolitan Transportation Commission
Statement of Net Position
June 30, 2018

	Primary Government				
	Governmental Activities	Business-Type Activities	Total	BAHA	BAIFA
ASSETS					
Cash - unrestricted	$ 224,249,372	$ 307,124,815	$ 531,374,187	$ 17,705,858	$ 7,893,198
Cash - restricted	96,175	118,351,656	118,447,831	3,627,118	-
Investments - unrestricted	205,752,632	767,606,786	973,359,418	-	-
Investments - restricted	384,557,095	1,519,634,732	1,904,191,827	-	-
Receivables:					
Accounts receivable	9,348,280	24,127,506	33,475,786	237,904	760,562
Interests receivable	2,446,823	26,377,665	28,824,488	18	-
Funding due from State/ Caltrans	71,376,868	3,763,427	75,140,295	-	-
Funding due from Federal	30,316,767	1,489,907	31,806,674	-	-
Prepaid items and other assets	823,868	421,817	1,245,685	553,468	3,562
Due from other governments	1,383,256	691,955	2,075,211	4,438	-
Land	-	-	-	33,933,809	-
Capital assets not being depreciated	59,549	44,100,586	44,160,135	-	-
Capital assets net of accumulated depreciation/ amortization	508,962	45,335,448	45,844,410	185,202,008	-
TOTAL ASSETS	930,919,647	2,859,026,300	3,789,945,947	241,264,621	8,657,322
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount of refunding	-	491,891,411	491,891,411	-	-
Deferred outflows from pension	9,270,061	4,557,303	13,827,364	343,203	110,494
Deferred outflows from OPEB	3,659,154	1,382,237	5,041,391	112,705	63,486
TOTAL DEFERRED OUTFLOWS OF RESOURCES	12,929,215	497,830,951	510,760,166	455,908	173,980

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

Metropolitan Transportation Commission
Statement of Net Position
June 30, 2018

	Primary Government				
	Governmental Activities	Business-Type Activities	Total	BAHA	BAIFA
LIABILITIES					
Accounts payable and accrued liabilities	96,303,859	73,109,107	169,412,966	2,784,936	425,121
Accrued interest payable	1,942	102,773,056	102,774,998	-	-
Unearned revenue	8,371,251	97,385,924	105,757,175	-	-
Due to other governments	645	-	645	476,016	218,838
Due to 375 Beale Condo	-	-	-	773,279	-
Due to Caltrans	-	37,379,973	37,379,973	-	-
Non-current liabilities					
Due within one year					
Long term debt	-	63,885,000	63,885,000	-	-
Due to / (from) other funds	851,130	(851,130)	-	-	-
Other non-current liabilities	1,980,450	718,624	2,699,074	58,596	33,006
Due in more than one year					
Long term debt	-	9,668,165,322	9,668,165,322		-
Derivative instruments	-	311,738,366	311,738,366		-
Net Pension liability	24,420,309	11,782,351	36,202,660	381,354	87,276
Net OPEB liability	4,763,606	2,156,227	6,919,833	181,305	51,021
Other non-current liabilities	2,151,581	10,788,960	12,940,541	222,639	35,029
TOTAL LIABILITIES	138,844,773	10,379,031,780	10,517,876,553	4,878,125	850,291
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows from pension	2,278,016	1,177,540	3,455,556	-	32,017
Deferred revenues/Deferred charges	344,514,779	(344,514,779)	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	346,792,795	(343,337,239)	3,455,556		32,017
NET POSITION					
Net investment in capital assets	357,866	89,436,034	89,793,900	219,135,817	-
Restricted for:					
Capital projects	528,696,788	1,342,599	530,039,387	3,627,118	-
Operations & Maintenance, under debt covenant	-	150,000,000	150,000,000	-	-
Extraordinary loss reserve, under Caltrans Coop	-	50,000,000	50,000,000	-	-
STA Reserve	27,196	-	27,196	-	-
Unrestricted	(70,870,556)	(6,969,615,923)	(7,040,486,479)	14,079,469	7,948,994
TOTAL NET POSITION	$ 458,211,294	$ (6,678,837,290)	$ (6,220,625,996)	$ 236,842,404	$ 7,948,994

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

Metropolitan Transportation Commission
Statement of Activities
For the Year Ended June 30, 2019

		Program Revenues				Net (Expenses) Revenues and Changes in Net Position				
						Primary Government				
	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	$ 104,246,259	$ -	$ 81,730,918	$ -	$ 81,730,918	$ (22,515,341)	$ -	$ (22,515,341)	$ -	$ -
Transportation	307,828,471	-	290,237,119	-	290,237,119	(17,591,352)	-	(17,591,352)	-	-
Total Governmental Activities	412,074,730	-	371,968,037	-	371,968,037	(40,106,693)	-	(40,106,693)	-	-
Business-Type Activities:										
MTC Clipper® smart card	48,754,311	20,973,240	-	12,234,376	33,207,616	-	(15,546,695)	(15,546,695)	-	-
Toll bridge activities	886,759,624	751,563,073	90,872,302	-	842,435,375	-	(44,324,249)	(44,324,249)	-	-
Congestion relief	13,100,396	6,865,827	8,302,170	-	15,167,997	-	2,067,601	2,067,601	-	-
Total Business-Type Activities	948,614,331	779,402,140	99,174,472	12,234,376	890,810,988	-	(57,803,343)	(57,803,343)	-	-
Total Primary Government	$ 1,360,689,061	$ 779,402,140	$ 471,142,509	$ 12,234,376	$ 1,262,779,025	$ (40,106,693)	$ (57,803,343)	$ (97,910,036)	$ -	$ -
Component Units:										
BAHA	$ 12,789,762	$ 9,970,433	$ 131,577	$ 3,165,421	$ 13,267,431				$ 477,669	$ -
BAIFA	7,341,837	13,672,704	-	-	13,672,704				-	6,330,867
Total Component Units	$ 20,131,599	$ 23,643,137	$ 131,577	$ 3,165,421	$ 26,940,135				$ 477,669	$ 6,330,867

	Governmental Activities	Business-type Activities	Total	BAHA	BAIFA
General Revenues:					
Restricted investment earnings	$ 9,146,008	$ -	$ 9,146,008	$ 68,271	$ -
Unrestricted investment earnings	9,761,907	(64,077,033)	(54,315,126)	119,225	269,921
Return of contribution from BAHA & BAIFA	-	6,815,000	6,815,000	(3,900,000)	(2,915,000)
Transfers	21,927,807	(21,927,807)	-	-	-
Total General Revenues and Transfers	40,835,722	(79,189,840)	(38,354,118)	(3,712,504)	(2,645,079)
Change in Net Position	729,029	(136,993,183)	(136,264,154)	(3,234,835)	3,685,788
Net Position - Beginning	458,211,294	(6,678,837,290)	(6,220,625,996)	236,842,404	7,948,994
Net Position - Ending	$ 458,940,323	$ (6,815,830,473)	$ (6,356,890,150)	$ 233,607,569	$ 11,634,782

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

Metropolitan Transportation Commission
Statement of Activities
For the Year Ended June 30, 2018

		Program Revenues				Net (Expenses) Revenues and Changes in Net Position				
						Primary Government				
	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	$ 87,487,224	$ -	$ 81,331,213	$ -	$ 81,331,213	$ (6,156,011)	$ -	$ (6,156,011)	$ -	$ -
Transportation	192,138,705	-	222,416,724	-	222,416,724	30,278,019	-	30,278,019	-	-
Total Governmental Activities	279,625,929	-	303,747,937	-	303,747,937	24,122,008	-	24,122,008	-	-
Business-Type Activities:										
MTC Clipper® smart card	44,884,890	22,948,430	-	11,294,137	34,242,567	-	(10,642,323)	(10,642,323)	-	-
Toll bridge activities	988,187,231	755,729,337	83,707,414	-	839,436,751	-	(148,750,480)	(148,750,480)	-	-
Congestion relief	10,696,201	6,705,582	6,956,349	-	13,661,931	-	2,965,730	2,965,730	-	-
Total Business-Type Activities	1,043,768,322	785,383,349	90,663,763	11,294,137	887,341,249	-	(156,427,073)	(156,427,073)	-	-
Total Primary Government	$ 1,323,394,251	$ 785,383,349	$ 394,411,700	$ 11,294,137	$ 1,191,089,186	$ 24,122,008	$ (156,427,073)	$ (132,305,065)	$ -	$ -
Component Unit:										
BAHA	$ 15,871,861	$ 8,529,135	$ 684,956	$ 56,370	$ 9,270,461				$ (6,601,400)	$ -
BAIFA	4,103,657	9,080,738	2,915,000	-	11,995,738				-	7,892,081
Total Component Unit	$ 19,975,518	$ 17,609,873	$ 3,599,956	$ 56,370	$ 21,266,199				$ (6,601,400)	$ 7,892,081
General Revenues:										
Restricted investment earnings						$ 4,335,949	$ -	$ 4,335,949	$ 85,613	$ -
Unrestricted investment earnings						5,090,737	105,877,684	110,968,421	141,263	56,913
Transfers						17,141,970	(17,141,970)	-	-	-
Total General Revenues and Transfers						26,568,656	88,735,714	115,304,370	226,876	56,913
Change in Net Position						50,690,664	(67,691,359)	(17,000,695)	(6,374,524)	7,948,994
Net Position - Beginning, as restated (note 1.L)						407,520,630	(6,611,145,931)	(6,203,625,301)	243,216,928	-
Net Position - Ending						$ 458,211,294	$ (6,678,837,290)	$ (6,220,625,996)	$ 236,842,404	$ 7,948,994

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

Metropolitan Transportation Commission
Balance Sheet - Governmental Funds
June 30, 2019

	General	AB 664 Net Toll Revenue Reserve	STA	Rail Reserves	BART Car Exchange	Non-Major Governmental Funds	Total Governmental Funds
ASSETS							
Cash - unrestricted	$ 31,161,904	$ 50,776,779	$ 76,583,437	$ 16,755,773	$ -	$ 58,550,583	$ 233,828,476
Cash - restricted	178,810	-	-	-	612,338	-	791,148
Investment - unrestricted	227,042	132,142,836	-	24,834,501	-	31,209,355	188,413,734
Investment - restricted	-	-	-	-	392,965,102	-	392,965,102
Accounts receivable	753,906	-	167,843	-	-	-	921,749
Interest receivable	1,448	574,373	348,631	127,490	1,677,430	113,398	2,842,770
State/ Caltrans funding receivable	2,422,145	-	71,531,372	-	-	-	73,953,517
Federal funding receivable	24,379,294	-	-	-	-	-	24,379,294
Due from other funds	6,186,837	-	83,545	-	-	-	6,270,382
Due from other governments	1,218,721	-	-	-	-	-	1,218,721
Prepaid items and other assets	1,426,361	-	-	-	-	-	1,426,361
TOTAL ASSETS	$ 67,956,468	$ 183,493,988	$ 148,714,828	$ 41,717,764	$ 395,254,870	$ 89,873,336	$ 927,011,254
LIABILITIES							
Accounts payable and accrued expenditures	$ 15,855,995	$ 30,416,942	$ 63,426,638	$ 5,056,281	$ 4,420	$ 3,805,948	$ 118,566,224
Accrued interest payable	3,032	-	-	-	-	-	3,032
Deposit payable	250,000	-	-	-	-	-	250,000
Unearned revenue	2,964,556	-	-	-	-	-	2,964,556
Retention payable	325,828	-	-	-	-	-	325,828
Due to other funds	2,528,530	-	624,507	-	-	1,033,928	4,186,965
TOTAL LIABILITIES	21,927,941	30,416,942	64,051,145	5,056,281	4,420	4,839,876	126,296,605
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	-	160,455,783	-	129,079,644	-	38,088,729	327,624,156
TOTAL DEFERRED INFLOWS OF RESOURCES	-	160,455,783	-	129,079,644	-	38,088,729	327,624,156
FUND BALANCES							
Nonspendable							
Prepaid items	1,426,361	-	-	-	-	-	1,426,361
Restricted for:							
Transportation projects	-	-	84,663,683	-	-	15,156,649	99,820,332
Rail projects	-	-	-	-	395,250,450	-	395,250,450
Committed to:							
Benefits reserve	3,158,877	-	-	-	-	-	3,158,877
Transportation projects	2,518,085	-	-	-	-	31,788,082	34,306,167
Unassigned	38,925,204	(7,378,737)	-	(92,418,161)	-	-	(60,871,694)
TOTAL FUND BALANCES	46,028,527	(7,378,737)	84,663,683	(92,418,161)	395,250,450	46,944,731	473,090,493
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 67,956,468	$ 183,493,988	$ 148,714,828	$ 41,717,764	$ 395,254,870	$ 89,873,336	$ 927,011,254

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, 2019

Governmental funds balance	$ 473,090,493
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 funds.	411,994
Other long-term assets are not available for current period and, therefore, are deferred in the funds.	4,000,000
Underabsorption of applied overhead is recorded as unearned revenue as it is not available in the current period and, therefore, not reported in the funds.	1,745,527
Other long-term liabilities are recorded as unearned revenue as it is not available in the current period and, therefore, are not reported in the funds.	(4,000,000)
Capital leases are not due and payable in the current period and, therefore, are not reported in the funds.	(132,583)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(4,253,618)
Net pension liability and related accounts (deferred outflows/inflows) are not due and payable in the current period and, therefore, is not reported in the funds.	(16,967,610)
Net OPEB liability and related accounts (deferred outflows/inflows) are not due and payable in the current period and, therefore, is not reported in the funds.	5,046,120
Net position of governmental activities	$ 458,940,323

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

Metropolitan Transportation Commission
Balance Sheet - Governmental Funds
June 30, 2018

	General	AB 664 Net Toll Revenue Reserve	STA	Rail Reserves	BART Car Exchange	Non-Major Governmental Funds	Total Governmental Funds
ASSETS							
Cash - unrestricted	$ 34,525,774	$ 36,956,820	$ 80,385,744	$ 17,769,534	$ -	$ 54,611,500	$ 224,249,372
Cash - restricted	-	-	-	-	96,175	-	96,175
Investment - unrestricted	221,212	148,193,901	-	24,332,815	-	33,004,704	205,752,632
Investment - restricted	-	-	-	-	384,557,095	-	384,557,095
Accounts receivable	1,348,280	-	-	-	-	-	1,348,280
Interest receivable	1,052	606,642	209,711	79,520	1,455,593	94,305	2,446,823
State/ Caltrans funding receivable	2,067,728	-	69,309,140	-	-	-	71,376,868
Federal funding receivable	30,316,767	-	-	-	-	-	30,316,767
Due from other funds	2,421,489	-	433,543	-	-	874	2,855,906
Due from other governments	1,382,996	-	-	-	-	260	1,383,256
Prepaid items and other assets	822,202	-	-	-	-	1,666	823,868
TOTAL ASSETS	$ 73,107,500	$ 185,757,363	$ 150,338,138	$ 42,181,869	$ 386,108,863	$ 87,713,309	$ 925,207,042
LIABILITIES							
Accounts payable and accrued expenditures	$ 21,940,503	$ 1,107,675	$ 71,862,952	$ 775,508	$ -	$ 330,010	$ 96,016,648
Accrued interest payable	1,942	-	-	-	-	-	1,942
Deposit payable	250,000	-	-	-	-	-	250,000
Unearned revenue	2,409,015	-	-	-	-	-	2,409,015
Retention payable	37,211	-	-	-	-	-	37,211
Due to other funds	2,055,206	-	1,451,830	-	-	200,000	3,707,036
Due to other governments	645	-	-	-	-	-	645
TOTAL LIABILITIES	26,694,522	1,107,675	73,314,782	775,508	-	530,010	102,422,497
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	-	168,704,508	-	135,777,134	-	40,033,137	344,514,779
TOTAL DEFERRED INFLOWS OF RESOURCES	-	168,704,508	-	135,777,134	-	40,033,137	344,514,779
FUND BALANCES							
Nonspendable							
Prepaid items	822,202	-	-	-	-	1,666	823,868
Restricted for:							
Transportation projects	27,196	15,945,180	77,023,356	-	-	13,097,562	106,093,294
Rail projects	-	-	-	-	386,108,863	-	386,108,863
Committed to:							
Benefits reserve	1,362,773	-	-	-	-	-	1,362,773
Liability reserve	123,850	-	-	-	-	-	123,850
Transportation projects	2,469,227	-	-	-	-	34,050,934	36,520,161
Unassigned	41,607,730	-	-	(94,370,773)	-	-	(52,763,043)
TOTAL FUND BALANCES	46,412,978	15,945,180	77,023,356	(94,370,773)	386,108,863	47,150,162	478,269,766
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 73,107,500	$ 185,757,363	$ 150,338,138	$ 42,181,869	$ 386,108,863	$ 87,713,309	$ 925,207,042

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, 2018

Governmental funds balance	$ 478,269,766
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	568,511
Other long-term assets are not available for current period and, therefore, are deferred in the funds.	8,000,000
Underabsorption of applied overhead is recorded as unearned revenue as it is not available in the current period and, therefore, not reported in the funds.	2,037,764
Other long-term liabilities are recorded as unearned revenue as it is not available in the current period and, therefore, are not reported in the funds.	(8,000,000)
Capital leases are not due and payable in the current period and, therefore, are not reported in the funds.	(210,645)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(3,921,386)
Net pension liability and related accounts (deferred outflows/inflows) are not due and payable in the current period and, therefore, is not reported in the funds.	(17,428,264)
Net OPEB liability and related accounts (deferred outflows/inflows) are not due and payable in the current period and, therefore, is not reported in the funds.	(1,104,452)
Net position of governmental activities	$ 458,211,294

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, 2019

	General	AB 664 Net Toll Revenue Reserve	STA	Rail Reserves	BART Car Exchange	Non-Major Governmental Funds	Total Governmental Funds
REVENUES							
Sales tax	$ 14,780,747	$ -	$ -	$ -	$ -	$ -	$ 14,780,747
Grants - Federal	49,227,115	-	-	-	-	-	49,227,115
Grants - State	3,444,519	-	283,484,414	-	-	3,308,186	290,237,119
Local agencies revenues and refunds	9,318,577	-	696,719	-	-	8,000,000	18,015,296
Investment income - unrestricted	785,671	4,190,220	1,845,535	938,799	-	2,001,682	9,761,907
Investment income - restricted	-	-	-	-	9,146,008	-	9,146,008
TOTAL REVENUES	77,556,629	4,190,220	286,026,668	938,799	9,146,008	13,309,868	391,168,192
EXPENDITURES							
Current:							
General government	84,438,538	13,163	-	5,590	4,421	10,230,569	94,692,281
Allocations to other agencies	15,706,738	35,749,699	262,825,306	5,678,087	-	3,575,379	323,535,209
Capital outlay	28,782	-	-	-	-	19,000	47,782
TOTAL EXPENDITURES	100,174,058	35,762,862	262,825,306	5,683,677	4,421	13,824,948	418,275,272
EXCESS/(DEFICIENCY) OF REVENUES OVER/(UNDER) EXPENDITURES	(22,617,429)	(31,572,642)	23,201,362	(4,744,878)	9,141,587	(515,080)	(27,107,080)
OTHER FINANCING SOURCES (USES)							
Transfers in	22,232,978	8,248,725	83,545	6,697,490	-	1,944,408	39,207,146
Transfers out	-	-	(15,644,580)	-	-	(1,634,759)	(17,279,339)
TOTAL OTHER FINANCING SOURCES (USES)	22,232,978	8,248,725	(15,561,035)	6,697,490	-	309,649	21,927,807
NET CHANGE IN FUND BALANCES	(384,451)	(23,323,917)	7,640,327	1,952,612	9,141,587	(205,431)	(5,179,273)
Fund balances - beginning	46,412,978	15,945,180	77,023,356	(94,370,773)	386,108,863	47,150,162	478,269,766
Fund balances - ending	$ 46,028,527	$ (7,378,737)	$ 84,663,683	$ (92,418,161)	$ 395,250,450	$ 46,944,731	$ 473,090,493

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, 2018

	General	AB 664 Net Toll Revenue Reserve	STA	Rail Reserves	BART Car Exchange	Non-Major Governmental Funds	Total Governmental Funds
REVENUES							
Sales tax	$ 13,649,557	$ -	$ -	$ -	$ -	$ -	$ 13,649,557
Grants - Federal	54,365,487	-	-	-	-	-	54,365,487
Grants - State	2,503,062	-	216,638,231	-	-	3,275,431	222,416,724
Local agencies revenues and refunds	7,962,452	-	1,284,837	-	-	4,000,000	13,247,289
Investment income - unrestricted	404,001	2,474,839	402,141	700,978	-	1,108,778	5,090,737
Investment income - restricted	-	-	-	-	4,335,949	-	4,335,949
TOTAL REVENUES	78,884,559	2,474,839	218,325,209	700,978	4,335,949	8,384,209	313,105,743
EXPENDITURES							
Current:							
General government	63,864,904	16,736	-	7,040	4,875	818,864	64,712,419
Allocations to other agencies	23,810,631	9,536,230	172,215,346	9,814,562	-	572,567	215,949,336
Capital outlay	148,266	-	-	-	-	11,000	159,266
TOTAL EXPENDITURES	87,823,801	9,552,966	172,215,346	9,821,602	4,875	1,402,431	280,821,021
EXCESS/(DEFICIENCY) OF REVENUES OVER/(UNDER) EXPENDITURES	(8,939,242)	(7,078,127)	46,109,863	(9,120,624)	4,331,074	6,981,778	32,284,722
OTHER FINANCING SOURCES (USES)							
Transfers in	13,714,626	8,585,558	433,543	6,970,978	-	2,032,180	31,736,885
Transfers out	(27,196)	-	(13,187,800)	-	-	(1,379,919)	(14,594,915)
TOTAL OTHER FINANCING SOURCES (USES)	13,687,430	8,585,558	(12,754,257)	6,970,978	-	652,261	17,141,970
NET CHANGE IN FUND BALANCES	4,748,188	1,507,431	33,355,606	(2,149,646)	4,331,074	7,634,039	49,426,692
Fund balances - beginning, as restated (note 1.L)	41,664,790	14,437,749	43,667,750	(92,221,127)	381,777,789	39,516,123	428,843,074
Fund balances - ending	$ 46,412,978	$ 15,945,180	$ 77,023,356	$ (94,370,773)	$ 386,108,863	$ 47,150,162	$ 478,269,766

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 Years Ended June 30, 2019 and 2018

	2019	2018
Net change in fund balances - total governmental funds (per Statement of Revenues, Expenditures and Changes in Fund Balances)	$ (5,179,273)	$ 49,426,692
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.	(156,517)	(77,409)
Principal repayment on capital leases is not 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.	78,062	71,068
Governmental funds report under absorption of applied overhead as unearned revenue; however in the Statement of Activities, the underabsorption is reported as revenue.	(292,240)	68,880
Some items do not require the use of current financial resources and, therefore, are not reported in the governmental funds:		
Compensated absences	(332,231)	1,229,908
Pension liability	460,654	(746,845)
Sale of capital assets	-	-
Gain / Loss on sale of assets	-	-
OPEB Prefund	-	-
OPEB liability	5,986,046	584,316
OPEB Implied Subsidy	164,528	134,054
Change in net position of governmental activities (per Statement of Activities)	$ 729,029	$ 50,690,664

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

Metropolitan Transportation Commission
Statement of Net Position - Proprietary Funds
June 30, 2019

	Business-Type Activities -Enterprise Funds			
	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total Enterprise Funds
ASSETS				
Current assets:				
Cash - unrestricted	$ 11,558,895	$ 168,188,015	$ 19,200,733	$ 198,947,643
Cash - restricted	4,454,292	116,619,613	-	121,073,905
Short term investments - unrestricted	-	762,468,377	112,021	762,580,398
Due from other funds	3,543,609	112,175	2,416,355	6,072,139
Due from other governments	-	452,964	-	452,964
Accounts receivable	4,000,307	18,664,205	-	22,664,512
Accrued interest	-	28,005,725	715	28,006,440
Prepaid expenses and other assets	18,149	375,180	39,823	433,152
Funding due from State/ Caltrans	14,615	4,802,051	3,928,688	8,745,354
Funding due from Federal	1,777,641	-	-	1,777,641
Total current assets	25,367,508	1,099,688,305	25,698,335	1,150,754,148
Non-current assets:				
Cash - restricted	-	13,388,130	-	13,388,130
Investments - restricted	-	1,590,303,411	-	1,590,303,411
Capital assets, net of accumulated depreciation/ amortization	-	117,506,977	687,688	118,194,665
Total non-current assets	-	1,721,198,518	687,688	1,721,886,206
TOTAL ASSETS	25,367,508	2,820,886,823	26,386,023	2,872,640,354
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges	-	796,332,234	-	796,332,234
Deferred outflows from pension	552,668	11,511,384	170,524	12,234,576
Deferred outflows from OPEB	695,551	2,871,437	214,611	3,781,599
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,248,219	810,715,055	385,135	812,348,409

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

Metropolitan Transportation Commission
Statement of Net Position - Proprietary Funds
June 30, 2019

	Business-Type Activities -Enterprise Funds			
	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total Enterprise Funds
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenditures	7,347,873	88,714,491	1,191,548	97,253,912
Accrued interest payable	-	103,406,517	-	103,406,517
Due to other funds	83,545	4,519,438	3,552,573	8,155,556
Due to other governments	-	234,643	-	234,643
Unearned revenue	-	107,441,902	-	107,441,902
Retention payable	411,966	5,691,472	-	6,103,438
Long term debt - current	-	118,235,000	-	118,235,000
Compensated absences - current	137,901	569,294	42,549	749,744
Total current liabilities	7,981,285	428,812,757	4,786,670	441,580,712
Non-current liabilities:				
Unearned revenue/ Patron deposits	-	10,860,712	-	10,860,712
Regional Measure 3 Collection	-	65,746,714	-	65,746,714
Long term debt, net	-	9,525,191,484	-	9,525,191,484
Derivative instruments	-	443,108,680	-	443,108,680
Compensated absences	154,873	639,358	47,785	842,016
Net pension liability	1,524,993	7,326,766	471,843	9,323,602
Net OPEB liability	405,731	1,717,608	130,622	2,253,961
Total non-current liabilities	2,085,597	10,054,591,322	650,250	10,057,327,169
TOTAL LIABILITIES	10,066,882	10,483,404,079	5,436,920	10,498,907,881
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pension	351,557	1,451,326	108,472	1,911,355
TOTAL DEFERRED INFLOWS OF RESOURCES	351,557	1,451,326	108,472	1,911,355
NET POSITION				
Net investment in capital assets	-	117,506,977	687,688	118,194,665
Restricted for:				
Capital Projects	4,454,292	-	-	4,454,292
Operations & Maintenance, under debt covenant	-	175,000,000	-	175,000,000
Extraordinary loss reserve, under Caltrans Coop	-	50,000,000	-	50,000,000
Unrestricted	11,742,996	(7,195,760,504)	20,538,078	(7,163,479,430)
TOTAL NET POSITION	$ 16,197,288	$ (6,853,253,527)	$ 21,225,766	$ (6,815,830,473)

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

Metropolitan Transportation Commission
Statement of Net Position - Proprietary Funds
June 30, 2018

	Business-Type Activities -Enterprise Funds			
	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total Enterprise Funds
ASSETS				
Current assets:				
Cash - unrestricted	$ 9,853,328	$ 274,067,234	$ 23,204,253	$ 307,124,815
Cash - restricted	1,342,599	106,942,964	-	108,285,563
Short term investments - unrestricted	-	572,616,109	109,144	572,725,253
Due from other funds	2,344,365	287,125	1,740,011	4,371,501
Due from other governments	9,627	679,585	2,743	691,955
Accounts receivable	5,206,488	18,921,018	-	24,127,506
Accrued interest	-	26,377,146	519	26,377,665
Prepaid expenses and other assets	29,264	343,109	49,444	421,817
Funding due from State/ Caltrans	14,614	862,350	2,886,463	3,763,427
Funding due from Federal	1,397,922	-	91,985	1,489,907
Total current assets	20,198,207	1,001,096,640	28,084,562	1,049,379,409
Non-current assets:				
Cash - restricted	-	10,066,093	-	10,066,093
Investment - unrestricted	-	194,881,533	-	194,881,533
Investments - restricted	-	1,519,634,732	-	1,519,634,732
Capital assets, net of accumulated depreciation/ amortization	-	88,306,291	1,129,743	89,436,034
Total non-current assets	-	1,812,888,649	1,129,743	1,814,018,392
TOTAL ASSETS	20,198,207	2,813,985,289	29,214,305	2,863,397,801
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges	-	836,406,190	-	836,406,190
Deferred outflows from pension	781,564	3,537,062	238,677	4,557,303
Deferred outflows from OPEB	226,915	1,093,130	62,192	1,382,237
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,008,479	841,036,382	300,869	842,345,730

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

Metropolitan Transportation Commission
Statement of Net Position - Proprietary Funds
June 30, 2018

	Business-Type Activities -Enterprise Funds			
	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total Enterprise Funds
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenditures	6,815,075	61,858,203	903,385	69,576,663
Accrued interest payable	-	102,773,056	-	102,773,056
Due to other funds	588,470	2,931,901	-	3,520,371
Unearned revenue	-	97,385,924	-	97,385,924
Retention payable	189,169	3,343,275	-	3,532,444
Long term debt - current	-	63,885,000	-	63,885,000
Compensated absences - current	117,973	568,317	32,334	718,624
Due to Caltrans	-	37,379,973	-	37,379,973
Total current liabilities	7,710,687	370,125,649	935,719	378,772,055
Non-current liabilities:				
Unearned revenue/ Patron deposits	-	10,026,288	-	10,026,288
Long term debt, net	-	9,668,165,322	-	9,668,165,322
Derivative instruments	-	311,738,366	-	311,738,366
Compensated absences	125,204	603,152	34,316	762,672
Net pension liability	1,951,941	9,229,824	600,586	11,782,351
Net OPEB liability	360,435	1,686,968	108,824	2,156,227
Total non-current liabilities	2,437,580	10,001,449,920	743,726	10,004,631,226
TOTAL LIABILITIES	10,148,267	10,371,575,569	1,679,445	10,383,403,281
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pension	185,212	934,664	57,664	1,177,540
TOTAL DEFERRED INFLOWS OF RESOURCES	185,212	934,664	57,664	1,177,540
NET POSITION				
Net investment in capital assets	-	88,306,291	1,129,743	89,436,034
Restricted for:				
Capital projects	1,342,599	-	-	1,342,599
Operations & Maintenance, under debt covenant	-	150,000,000	-	150,000,000
Extraordinary loss reserve, under Caltrans Coop	-	50,000,000	-	50,000,000
Unrestricted	9,530,608	(7,005,794,853)	26,648,322	(6,969,615,923)
TOTAL NET POSITION	$ 10,873,207	$ (6,717,488,562)	$ 27,778,065	$ (6,678,837,290)

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, 2019

	Business-Type Activities - Enterprise Funds			
	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total Enterprise Funds
OPERATING REVENUES				
Toll revenues collected	$ -	$ 724,914,020	$ -	$ 724,914,020
Department of Motor Vehicles registration fees	-	-	6,865,827	6,865,827
Revenues from operators	19,512,881	-	-	19,512,881
Other operating revenues	1,460,359	26,649,053	-	28,109,412
TOTAL OPERATING REVENUES	20,973,240	751,563,073	6,865,827	779,402,140
OPERATING EXPENSES				
Operating expenses incurred by Caltrans	-	26,606,401	-	26,606,401
Operating expenses - Transbay JPA	-	5,026,046	-	5,026,046
Towing contracts	-	-	9,674,576	9,674,576
Professional fees	32,714,124	53,532,570	844,929	87,091,623
Allocations to other agencies	-	46,452,221	-	46,452,221
Salaries and benefits	2,700,953	10,710,303	810,728	14,221,984
Repairs and maintenance	3,000	-	434,257	437,257
Communication charges	30	290,941	178,755	469,726
Depreciation and amortization	-	8,132,738	369,002	8,501,740
Other operating expenses	1,536,858	23,656,268	580,151	25,773,277
TOTAL OPERATING EXPENSES	36,954,965	174,407,488	12,892,398	224,254,851
OPERATING INCOME (LOSS)	(15,981,725)	577,155,585	(6,026,571)	555,147,289

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, 2019

	Business-Type Activities - Enterprise Funds			
	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total Enterprise Funds
NONOPERATING REVENUES (EXPENSES)				
Investment income (charge)	1,048,843	(65,592,645)	466,769	(64,077,033)
Build America Bonds (BABs) interest subsidy	-	71,738,161	-	71,738,161
Interest expense	-	(451,812,293)	-	(451,812,293)
Financing fees and bond issuance costs	-	(9,822,335)	-	(9,822,335)
Other nonoperating expense	-	(397,979)	-	(397,979)
Caltrans/ other agency grants	2,978,384	9,291,780	5,632,529	17,902,693
Federal grants	5,257,310	-	2,669,641	7,926,951
Distributions to other agencies for their capital purposes	(11,799,346)	(146,573,332)	-	(158,372,678)
Distributions to Caltrans for their capital purposes	-	(103,746,197)	-	(103,746,197)
Return of contribution from BAHA and BAIFA	-	6,815,000	-	6,815,000
Loss on sale of capital assets	-	-	(207,998)	(207,998)
Other nonoperating revenues	3,998,682	9,842,361	-	13,841,043
TOTAL NONOPERATING REVENUES (EXPENSES)	1,483,873	(680,257,479)	8,560,941	(670,212,665)
INCOME (LOSS) BEFORE TRANSFERS	(14,497,852)	(103,101,894)	2,534,370	(115,065,376)
TRANSFERS				
Transfers to Metropolitan Transportation Commission	(83,545)	(31,063,071)	(6,086,669)	(37,233,285)
Transfers from Metropolitan Transportation Commission	15,305,478	-	-	15,305,478
Transfer between programs	4,600,000	(1,600,000)	(3,000,000)	-
TOTAL TRANSFERS	19,821,933	(32,663,071)	(9,086,669)	(21,927,807)
CHANGE IN NET POSITION	5,324,081	(135,764,965)	(6,552,299)	(136,993,183)
Total net position - beginning	10,873,207	(6,717,488,562)	27,778,065	(6,678,837,290)
Total net position - ending	$ 16,197,288	$ (6,853,253,527)	$ 21,225,766	$ (6,815,830,473)

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, 2018

	Business-Type Activities - Enterprise Funds			
	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total Enterprise Funds
OPERATING REVENUES				
Toll revenues collected	$ -	$ 727,350,431	$ -	$ 727,350,431
Department of Motor Vehicles registration fees	-	-	6,705,582	6,705,582
Revenues from operators	18,952,175	-	-	18,952,175
Other operating revenues	3,996,255	28,378,906	-	32,375,161
TOTAL OPERATING REVENUES	22,948,430	755,729,337	6,705,582	785,383,349
OPERATING EXPENSES				
Operating expenses incurred by Caltrans	-	25,526,631	-	25,526,631
Operating expenses - Transbay JPA	-	4,855,330	-	4,855,330
Towing contracts	-	-	7,898,290	7,898,290
Professional fees	32,496,763	51,803,098	513,049	84,812,910
Allocations to other agencies	-	45,070,660	-	45,070,660
Salaries and benefits	2,580,291	11,634,403	679,223	14,893,917
Repairs and maintenance	2,363	5,109	403,925	411,397
Communication charges	120	138,692	134,258	273,070
Depreciation and amortization	-	7,805,553	375,053	8,180,606
Other operating expenses	1,247,525	21,380,325	565,095	23,192,945
TOTAL OPERATING EXPENSES	36,327,062	168,219,801	10,568,893	215,115,756
OPERATING INCOME (LOSS)	(13,378,632)	587,509,536	(3,863,311)	570,267,593

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, 2018

	Business-Type Activities - Enterprise Funds			
	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total Enterprise Funds
NONOPERATING REVENUES (EXPENSES)				
Investment income (charge)	97,768	105,499,150	280,766	105,877,684
Build America Bonds (BABs) interest subsidy	-	71,451,055	-	71,451,055
Interest expense	-	(455,268,259)	-	(455,268,259)
Financing fees and bond issuance costs	-	(15,013,847)	-	(15,013,847)
Other nonoperating expense	-	(16,100)	-	(16,100)
Caltrans/ other agency operating grants	2,356,080	9,664,789	4,708,319	16,729,188
Federal grants	5,807,314	-	2,248,030	8,055,344
Distributions to other agencies for their capital purposes	(8,557,828)	(155,357,901)	-	(163,915,729)
Distributions to Caltrans for their capital purposes	-	(191,396,323)	-	(191,396,323)
Contribution to BAIFA	-	(2,915,000)	-	(2,915,000)
Loss on sale of capital assets	-	-	(127,308)	(127,308)
Other nonoperating revenues	3,130,743	2,591,570	-	5,722,313
TOTAL NONOPERATING REVENUES (EXPENSES)	2,834,077	(630,760,866)	7,109,807	(620,816,982)
INCOME (LOSS) BEFORE TRANSFERS	(10,544,555)	(43,251,330)	3,246,496	(50,549,389)
TRANSFERS				
Transfers to Metropolitan Transportation Commission	(406,347)	(28,512,446)	(937,565)	(29,856,358)
Transfers from Metropolitan Transportation Commission	12,714,388	-	-	12,714,388
Transfer between programs	4,171,531	(4,371,531)	200,000	-
TOTAL TRANSFERS	16,479,572	(32,883,977)	(737,565)	(17,141,970)
CHANGE IN NET POSITION	5,935,017	(76,135,307)	2,508,931	(67,691,359)
Total net position - beginning, as restated (note 1.L)	4,938,190	(6,641,353,255)	25,269,134	(6,611,145,931)
Total net position - ending	$ 10,873,207	$ (6,717,488,562)	$ 27,778,065	$ (6,678,837,290)

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, 2019

	Business-Type Activities - Enterprise Funds			
	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
Cash flows from operating activities				
Cash receipts from users and others	$ 25,343,348	$ 772,310,478	$ 6,885,365	$ 804,539,191
Cash payments to suppliers and employees for services	(37,892,476)	(120,988,864)	(13,725,009)	(172,606,349)
Net cash provided by/(used in) operating activities	(12,549,128)	651,321,614	(6,839,644)	631,932,842
Cash flows from non-capital financing activities				
Caltrans and other state and local agency grants	3,986,075	10,164,082	4,624,317	18,774,474
Proceeds from issuance of revenue bonds	-	402,105,000	-	402,105,000
Build America Bonds interest subsidy	-	71,661,599	-	71,661,599
Interest paid on bonds	-	(447,465,092)	-	(447,465,092)
Financing fees	-	(9,873,366)	-	(9,873,366)
Federal grants	4,877,591	-	2,761,626	7,639,217
Transfers (to)/from MTC and SAFE	18,117,764	(14,009,959)	(1,878,570)	2,229,235
Bond principal payments	-	(63,885,000)	-	(63,885,000)
Payment for refunding of bonds	-	(407,374,245)	-	(407,374,245)
Distributions to Caltrans	-	(142,797,440)	-	(142,797,440)
Distributions to other agencies	(10,663,885)	(114,169,199)	-	(124,833,084)
Return of contribution from BAHA and BAIFA	-	6,815,000	-	6,815,000
Due to BATA	-	-	(3,000,000)	(3,000,000)
Other non-operating expenses	-	389,976	-	389,976
Net cash provided by/(used in) non-capital financing activities	16,317,545	(708,438,644)	2,507,373	(689,613,726)
Cash flows from capital and related financing activities				
Acquisition of capital assets	-	(34,349,743)	(134,945)	(34,484,688)
Net cash provided by/(used in) capital and related financing activities	-	(34,349,743)	(134,945)	(34,484,688)
Cash flows from investing activities				
Proceeds from maturities of investments	-	5,488,598,533	-	5,488,598,533
Purchase of investments	-	(5,545,700,652)	-	(5,545,700,652)
Interest and dividends received	1,048,843	55,688,359	463,696	57,200,898
Net cash provided by/(used in) investing activities	1,048,843	(1,413,760)	463,696	98,779
Net increase/(decrease) in cash	4,817,260	(92,880,533)	(4,003,520)	(92,066,793)
Balances - beginning of year	11,195,927	391,076,291	23,204,253	425,476,471
Balances - end of year	$ 16,013,187	$ 298,195,758	$ 19,200,733	$ 333,409,678

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, 2019

	Business-Type Activities - Enterprise Funds			
	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)	$ (15,981,725)	$ 577,155,585	$ (6,026,571)	$ 555,147,289
Adjustments to reconcile operating net cash provided by/(used in) operating activities:				
Depreciation and amortization	-	8,132,738	369,002	8,501,740
Other revenues	3,998,682	9,353,563	-	13,352,245
Other expenses	-	(397,979)	-	(397,979)
Net effect of changes in:				
Due (to)/from MTC	-	-	(1,331,870)	(1,331,870)
Due from other governments	3,035	461,264	2,743	467,042
Accounts receivable	205,081	(126,691)	-	78,390
Prepaid expenses and other assets	11,115	(92,071)	9,621	(71,335)
Due to Caltrans	-	(2,378,988)	-	(2,378,988)
Accounts payable and accrued expenses	(379,866)	(6,465,190)	288,163	(6,556,893)
Unearned revenue	-	10,055,978	-	10,055,978
Patron deposits	-	837,336	-	837,336
State funding due	-	110,557	(34,013)	76,544
Deferred outflows from pension	228,896	(7,974,322)	68,153	(7,677,273)
Deferred outflows from OPEB	(468,636)	(1,778,307)	(152,419)	(2,399,362)
Net pension liability	(426,948)	(1,903,058)	(128,743)	(2,458,749)
Net OPEB liability	45,296	30,640	21,798	97,734
Compensated absences liability	49,597	37,183	23,684	110,464
Regional Measure 3 Collection	-	65,746,714	-	65,746,714
Deferred inflows from pension	166,345	516,662	50,808	733,815
Net cash provided by operating activities	$ (12,549,128)	$ 651,321,614	$ (6,839,644)	$ 631,932,842

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 trust fund	$ -	$ 144,728,167	$ -	$ 144,728,167
Debt refunded through escrow trust fund	-	(144,728,167)	-	(144,728,167)
Acquisition of capital assets under accounts payable/accrued liabilities	-	7,364,397	-	7,364,397
Net decrease in fair value of derivative instruments	-	(131,370,314)	-	(131,370,314)
Bond premium/discount amortization	-	19,467,005	-	19,467,005
Deferred charge amortization	$ -	$ (40,071,368)	$ -	$ (40,071,368)

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, 2018

	Business-Type Activities - Enterprise Funds			
	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
Cash flows from operating activities				
Cash receipts from users and others	$ 24,932,683	$ 766,561,284	$ 6,744,780	$ 798,238,747
Cash payments to suppliers and employees for services	(35,371,578)	(156,766,233)	(10,979,806)	(203,117,617)
Net cash provided by/(used in) operating activities	(10,438,895)	609,795,051	(4,235,026)	595,121,130
Cash flows from non-capital financing activities				
Caltrans and other state and local agency grants	1,625,601	9,935,068	4,567,084	16,127,753
Build America Bonds interest subsidy	-	71,393,634	-	71,393,634
Interest paid on bonds	-	(425,849,807)	-	(425,849,807)
Financing fees	-	(3,107,419)	-	(3,107,419)
Federal grants	7,151,137	-	2,952,475	10,103,612
Transfers (to)/from MTC and SAFE	16,969,955	(13,597,985)	-	3,371,970
Cost of issuance of revenue bonds	-	(2,328,724)	-	(2,328,724)
Bond principal payments	-	(55,760,000)	-	(55,760,000)
Payment for refunding of bonds	-	(42,601,581)	-	(42,601,581)
Distributions to Caltrans	-	(165,532,001)	-	(165,532,001)
Distributions to other agencies	(11,915,833)	(163,955,221)	-	(175,871,054)
Due from BATA	-	-	200,000	200,000
Contribution to BAIFA	-	(2,915,000)	-	(2,915,000)
Net cash provided by/(used in) non-capital financing activities	13,830,860	(794,319,036)	7,719,559	(772,768,617)
Cash flows from capital and related financing activities				
Acquisition of capital assets	-	(19,106,851)	-	(19,106,851)
Net cash provided by/(used in) capital and related financing activities	-	(19,106,851)	-	(19,106,851)
Cash flows from investing activities				
Proceeds from maturities of investments	-	4,427,583,281	-	4,427,583,281
Purchase of investments	-	(4,098,067,636)	-	(4,098,067,636)
Interest and dividends received	97,768	29,774,579	279,310	30,151,657
Net cash provided by/(used in) investing activities	97,768	359,290,224	279,310	359,667,302
Net increase/(decrease) in cash	3,489,733	155,659,388	3,763,843	162,912,964
Balances - beginning of year	7,706,194	235,416,903	19,440,410	262,563,507
Balances - end of year	$ 11,195,927	$ 391,076,291	$ 23,204,253	$ 425,476,471

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, 2018

	Business-Type Activities - Enterprise Funds			
	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)	$ (13,378,632)	$ 587,509,536	$ (3,863,310)	$ 570,267,594
Adjustments to reconcile operating income to net cash provided by/(used in) operating activities:				
Depreciation and amortization	-	7,805,553	375,053	8,180,606
Other revenues	3,130,743	2,591,570	-	5,722,313
Net effect of changes in:				
Due (to)/from MTC	-	-	(1,118,686)	(1,118,686)
Due from other governments	(3,035)	(679,585)	(2,743)	(685,363)
Accounts receivable	(1,146,490)	(1,453,404)	-	(2,599,894)
Prepaid expenses and other assets	(4,085)	(59,816)	(22,044)	(85,945)
Due to Caltrans	-	114,753	-	114,753
Accounts payable and accrued expenses	717,500	2,757,826	290,523	3,765,849
Unearned revenue	-	9,014,318	-	9,014,318
Patron deposits	-	962,710	-	962,710
State funding due	-	51,435	39,197	90,632
Deferred outflows from pension	114,772	466,670	48,985	630,427
Deferred outflows from OPEB	(226,915)	(1,093,130)	(62,192)	(1,382,237)
Net pension liability	1,177	91,303	(17,400)	75,080
Net OPEB liability	182,367	878,525	49,983	1,110,875
Compensated absences liability	243,177	1,171,469	66,650	1,481,296
Deferred inflows from pension	(69,474)	(334,682)	(19,042)	(423,198)
Net cash provided by/(used in) operating activities	$ (10,438,895)	$ 609,795,051	$ (4,235,026)	$ 595,121,130

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 trust fund	$ -	$ 2,053,904,336	$ -	$ 2,053,904,336
Debt refunded through escrow trust fund	-	(2,096,505,918)	-	(2,096,505,918)
Acquisition of furniture and equipment under accounts payable/accrued liabilities	-	4,589,035	-	4,589,035
Acquisition of intangibles under accounts payable/accrued liabilities	-	3,481,790	-	3,481,790
Net increase in fair value of derivative instruments	-	79,043,591	-	79,043,591
Bond premium/discount amortization	-	18,548,252	-	18,548,252
Deferred charge amortization	$ -	$ (39,759,033)	$ -	$ (39,759,033)

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

Metropolitan Transportation Commission
Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2019 and 2018

	2019	2018
ASSETS		
Cash and investments	$ 255,086,372	$ 212,702,603
Accounts receivable	6,860,472	8,897,603
Interest receivable	353,523	80,000
TOTAL ASSETS	$ 262,300,367	$ 221,680,206
LIABILITIES		
Accounts payable and accrued liabilities	$ 144,539,633	$ 122,372,719
Due to other governments	117,760,734	99,307,487
TOTAL LIABILITIES	$ 262,300,367	$ 221,680,206

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

Metropolitan Transportation Commission
Table of Contents
June 30, 2019 and 2018

	PAGE

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 units. MTC is the primary government as defined in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended. 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 two discretely presented component units – Bay Area Infrastructure Financing Authority (BAIFA) and Bay Area Headquarters Authority (BAHA). Both BAIFA and BAHA financial statements are presented in separate columns on the face of the government-wide financial statements in the far right columns.

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 collateralized 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 current ten-year agreement was signed in 2006 and amended and restated in June 2011 with an expiration of July 2020.

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 1T for information on Caltrans' operating expenditures.

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. The following 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.

Discretely presented component units

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 two discretely presented component units, BAIFA and BAHA.

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. There are six Commissioners on the governing board for BAIFA. BAIFA's board consists of MTC and BATA Oversight Committee chairs and four Commissioners. 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 October 2017, the express lanes on Interstate 680 between Walnut Creek and San Ramon both north and south directions opened to traffic and started to collect toll revenues. BAIFA is presented 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 GASB Statement No. 61, *The Financial Reporting Entity: Omnibus- an amendment of GASB Statements No. 14 and No. 39*. Requests for separately issued financial statements for BAIFA should be addressed to the Treasurer, Bay Area Infrastructure and Financing Authority, 375 Beale Street, Suite 800, San Francisco, CA 94105.

iv.) 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 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 GASB Statement No. 61, *The Financial Reporting Entity: Omnibus- an amendment of GASB Statements No. 14 and No. 39*. 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. 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.

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.

Feeder Bus Fund – Funds from local agencies are used to reimburse various transit operators for operating the BART Express Bus Program.

Proposition 1B Fund – This fund includes revenue from the Caltrans Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA) grant. This is a grant program funded by Proposition 1B Regional Transit Connectivity Program funds. The grant funded the MTC's Hub Signage Project, which improves signage at major transportation hubs. The project was completed in fiscal year 2018. The grant balance along with the interest earned in fiscal year 2019 will be returned to the grantor pending instruction from the grantor.

In fiscal years 2019 and 2018, the following funds are considered non-major: Transit Reserve Fund, Exchange Fund, Feeder Bus Fund and Proposition 1B Fund. The following funds are considered major governmental funds: MTC General Fund, STA Fund, Rail Reserves Fund, AB 664 Net Toll Revenue Reserve Fund, and BART Car Exchange Fund. 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 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 and capital expenditures of this program. The cash account and patron liability is held as an agency fund. See Note 1.B (iv) for information on the Clipper® program agency fund.

iv.) MTC Fiduciary Funds

MTC reports the following fiduciary funds to account for assets held by MTC in a trustee capacity or as an agent. These agency funds are custodial in nature, do not have a measurement of operaing results and they are on the accrual basis of accounting.

AB 1107 Fund – BART Half-Cent Sales Tax (AB 1107) funds are used to account for the activities of the AB 1107 Program. AB 1107 funds are sales tax revenue collected under the ordinance adopted pursuant to Section 29140 of the Public Utilities Code. These funds are administered by MTC for allocation to the Alameda-Contra Costa Transit District (AC Transit) and the City and County of San Francisco for its municipal railway system (MUNI) on the basis of regional priorities established by MTC.

Transportation Development Act (TDA) Program Fund – Funds are used to account for the activities of the TDA Program. In accordance with state regulations and memoranda of understanding with operators and local municipalities, MTC is responsible for the administration of sales tax revenue derived from the TDA.

Clipper® Program Fund – These agency funds are used to reimburse transit operators for rides taken by patrons using the Clipper® smart card.

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

The government-wide and proprietary 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 consider revenue to be available if they are collected within 90 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 libilities are incurred, as under the accrual basis of accounting.

New Accounting Pronouncements

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This standard establishes new accounting and financial reporting requirements for those governments whose employees are provided with other post employment benefits (OPEB), as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. This standard was adopted by MTC for fiscal year ended June 30, 2018. The adoption of this standard recognized the OPEB benefit obligation as a OPEB liability in the financial statements as of July 1, 2017, with no restatement of prior periods. For additional information on the impact of adoption of GASB Statement No. 75, see Notes 1.L and 9.

GASB Statement No. 82, *Pension Issues - An Amendment of GASB Statement No. 67, No. 68, and No. 73*, addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information (RSI), (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. This standard was adopted early by MTC for fiscal year ended June 30, 2016. The adoption of this standard changed the presentation of payroll-related measures from covered-employee payroll to covered payroll in the required supplementary information (RSI).

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses requirements regarding the retirement of certain tangible assets for all state and local governments. The requirements of this statement are effective for reporting periods beginning after June 15, 2018. This standard did not have any impact on MTC's financial statements.

GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. Management is currently evaluating the effect of this standard on MTC's financial statements.

GASB Statement No. 85, *Omnibus 2017*, addresses various practice issues including blending component units, goodwill, fair value measurement and application, and pension and other postemployment benefits (OPEB). The requirements of this statement are effective for reporting periods beginning after June 15, 2017. This standard did not have any impact on MTC's financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, provides guidance to improve consistency in accounting and financial reporting for in-substance defeasance of debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2017. This standard did not have any impact on MTC's financial statements.

GASB Statement No. 87, *Leases*, is 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 December 15, 2019. Management is currently evaluating the effect of this standard on MTC's financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, provides additional essential information related to the debt disclosure in notes to financial statements. This statement clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2018. This standard did not have any impact on MTC'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, 2019. Management is currently evaluating the effect of this standard on MTC's financial statements.

GASB Statement No. 90, *Majority Equity Interests*, provides guidance on how to improve reporting of Majority Equity Interests. This statement improves the consistency and comparability of reporting a government's majority equity interest in legally separate organizations and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. Management is currently evaluating the effect of this standard on MTC's financial statements.

GASB Statement No. 91, *Conduit Debt Obligations,* provides 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, 2020. Management is currently evaluating the effect of this standard on MTC's financial statements.

D. Budgetary Accounting

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, capital project 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 and capital project funds are classified as committed and are included in the "transportation projects" category. 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:

	2019	2018
General Fund	$ 2,518,085	$ 2,469,227
AB 664 Net Toll Revenue	42,821,688	76,044,810
State Transit Assistance Funds	15,275,564	3,724,863
Rail Reserves	7,763,859	11,250,115
Non-major Governmental Funds	7,060,146	7,150,259

F. Net Position

Net position, presented in the government-wide financial statements, represents the residual interest in assets plus deferred outflows after liabilities and deferred inflows 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.

Restricted net position consists of amounts restricted for capital projects and other purposes as follows:

	2019	2018
Capital Projects	$533,831,242	$530,039,387
Other Purposes:		
Operations & Maintenance reserve, under debt covenant	$175,000,000	$150,000,000
Extraordinary loss reserve, under Caltrans Cooperation Agreement	50,000,000	50,000,000
STA reserve	-	27,196
Total Other Purposes	$225,000,000	$200,027,196

G. Fund Balances

Fund balances, presented in the governmental fund financial statements, represent the difference between assets, liabilities and deferred inflows and outflows 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, 2019 and 2018 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, Feeder Bus, Rail Reserves, Proposition 1B and Capital Projects funds.
- 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, capital projects 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, committed, or assigned, 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.

GASB Statement No. 54 also clarifies definitions for governmental fund types. MTC evaluated each of its funds at June 30, 2019 and 2018 and provides additional disclosure information with respect to the purpose of each fund (see Note 1.B.).

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. Investments are stated at fair value based upon quoted market prices. MTC reports its money market securities and short-term investments at amortized 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.U. 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 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 principal. MTC classifies all other highly liquid cash equivalents as short-term investments.

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 not available to be expended for current operations with the next fiscal year.

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, leased equipment, 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. 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 in excess of 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	3
Call boxes	10

Depreciation and amortization ceases when 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. Such assets are also evaluated for impairment.

K. Retirement Plans

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, 2017
Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	July 1, 2017 to June 30, 2018

GASB Statement No. 68 allows use of a measurement date up to 12 months before 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, 2017. CalPERS then rolled forward the total pension liability to June 30, 2018, and this is the basis for measuring MTC's net pension liability at June 30, 2019.

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

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

L. Post Employment Healthcare Benefits

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 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.

In fiscal year 2018, MTC adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. MTC reported the contributions made subsequent to the measurement date of the beginning net OPEB liability as the beginning deferred outflow as MTC considered it is not practical to determine the amounts of all other applicable deferred inflows of resources and deferred outflows of resources related to OPEB. MTC reported the prior periods cumulative effect of applying GASB 75 as a restatement of the beginning balance for the period in which GASB 75 is first applied. Prior to the adoption of GASB 75, MTC reported a cumulative net OPEB asset of $ 8,285,618 over the actuarially required contributions, consistent with the prior accounting standard. This amount was removed from the net OPEB asset with a corresponding reduction to the net position. Under GASB 75, MTC has a prior period net OPEB liability which is required to be recognized and reported as an obligation in the financial statements. The prior periods' net OPEB liability cumulative amount of $ 6,920,291 was recognized in fiscal year 2018 with the corresponding reduction to beginning net position balance of $ 2,958,900 and an addtion to the deferred outflows of $ 3,961,391. GASB 75 has no impact on the financial statements of MTC's individual governmental funds under the modified accrual basis of accounting. However, GASB 75 amounts are recognized in the governmental and business-type activities of the government-wide financial statements.

The impact of adoption of GASB 75 on the net position at July 1, 2017 is summarized as follows:

	Primary Government				
	Governmental Activities	Business-Type Activities	Total	BAIFA	BAHA
Net position at July 1, 2017 as previously reported	$ 417,629,070	$ (6,610,100,579)	$ (6,192,471,509)	$ -	$ 243,307,654
Impact of adoption of GASB 75	(10,108,440)	(1,045,352)	(11,153,792)	-	(90,726)
Net position at July 1, 2017 as restated	$ 407,520,630	$ (6,611,145,931)	$ (6,203,625,301)	$ -	$ 243,216,928

Individual funds within business-type activities have been allocated a portion of the beginning balance of the net OPEB liablity based on their share of fiscal year 2017 payroll costs. The impact of GASB 75 on the net position of each fund within business-type activities at July 1, 2017 as follows:

	Clipper	SAFE	BATA	Total
Net position at July 1, 2017 as previously reported	$ 5,116,258	$ 25,327,975	$ (6,640,544,812)	$ (6,610,100,579)
Impact of adoption of GASB 75	(178,068)	(58,841)	(808,443)	(1,045,352)
Net position at July 1, 2017 as restated	$ 4,938,190	$ 25,269,134	$ (6,641,353,255)	$ (6,611,145,931)

For purposes of measuring the net OPEB liability, 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)	July 1, 2018
Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	July 1, 2017 to June 30, 2018

GASB 75 allows use of measurement date up to twelve months before the employer's fiscal year end. Accordingly, for financial reporting purposes, MTC's net OPEB liability at June 30, 2019 was determined using the actuarial valuation of June 30, 2018 measurement date.

MTC allocates OPEB liability, deferred outflows and deferred inflows from OPEB, and OPEB expenses to its blended and discretely presented component units based on their share of MTC's payroll cost of the reporting 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 (a maximum of 500 hours) per 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 years 2019 and 2018 reconciling items are as follows:

	2019	2018
Capital outlay	$ 47,782	$ 159,266
Depreciation expense	(204,299)	(236,675)
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at change in net position of governmental activities	$ (156,517)	$ (77,409)

O. Unearned Revenue

The unearned revenue in BATA consists of the funds collected by the Regional Customer Service Center (RCSC). The funds collected by 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. Regional Measure 3 Collection

Regional Measure 3 Collection consists of toll and interest revenues from the Regional Measure 3 (RM3) program in which the revenues are under litigation. The cash collected from RM 3 is restricted in an escrow fund (see Note 11).

Q. Deferred inflows/outflows - revenue, charges and refundings

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 of Resources in accordance with GASB

Statement No. 65. The amortization charges were $16,890,623 and $17,580,344 for fiscal years 2019 and 2018, respectively.

Deferred charge includes deferred amounts from bond refundings.

R. Deferred Outflows/Inflows 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. Toll Revenues Collected

BATA accounts for the electronic tolls and cash collected from the operation of the bridges as revenue. BATA recognizes electronic toll revenue as amounts are earned, and cash revenue as amounts are collected from vehicle utilization of the toll bridges.

T. Operating Expenditures Incurred by Caltrans

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

U. Investment Income and Derivative Instruments

Investment income (charge) 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 years ended June 30, 2019 and 2018:

	Governmental Activities	BATA	MTC Clipper/ SAFE	Total Business-Type Activities	Total 2019	Total 2018
Investment income	$ 18,907,915	$ 65,777,669	$ 1,515,612	$ 67,293,281	$ 86,201,196	$ 36,260,779
Investment derivatives	-	(131,370,314)	-	(131,370,314)	(131,370,314)	79,043,591
	$ 18,907,915	$ (65,592,645)	$ 1,515,612	$ (64,077,033)	$ (45,169,118)	$ 115,304,370

V. 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 reflected to the extent Caltrans bills are presented to MTC that relate to the period through the end of the fiscal year. See Note 2 for further details.

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

Expenses are recorded or accrued to the extent of the invoices presented to MTC that relate to the fiscal year.

X. 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.

Y. Build America Bonds (BABs) Interest Subsidy

The interest subsidy on the BABs was $71,738,161 for fiscal year 2019 and $71,451,055 for fiscal year 2018. Of these amounts, $17,953,681 and $17,877,119 were not received as of June 30, 2019 and June 30, 2018 respectively, therefore were 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 years 2019 and 2018 were short due to the Federal budget and sequestration constraints. In fiscal year 2019, the payments were impacted by a reduction of 6.6% of the subsidy amount for the first quarter and 6.2% for the last three quarters. In fiscal year 2018, the payments were impacted by a reduction of 6.9% of the subsidy amount for the first quarter and 6.6% for the last three quarters.

Z. 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.

2. Net Position

MTC's negative net position arises from its business-type activities. For the business-type activities, 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. This deficit will be reduced through operating income earned in the future as the toll revenue debt is retired and projects are completed.

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, 2019 and 2018 is as follows:

	2019	2018
Unrestricted cash	$ 432,776,119	$ 531,374,187
Unrestricted investments	950,994,132	973,359,418
Total unrestricted cash and investments	1,383,770,251	1,504,733,605
Restricted cash	135,253,183	118,447,831
Restricted investments	1,983,268,513	1,904,191,827
Total restricted cash and investments	2,118,521,696	2,022,639,658
Total cash and investments	$ 3,502,291,947	$ 3,527,373,263

The details of restricted cash and investments are as follows:

	2019	2018
FasTrak® program	$ 119,123,539	$ 108,142,992
Escrow account	1,109,083	725,733
Bond proceeds for capital projects	7,134,898	7,808,587
Debt service reserve	527,588,817	519,966,477
Operations & maintenance reserve	175,000,000	150,000,000
Extraordinary loss reserve	50,000,000	50,000,000
Rehabilitation reserve	210,000,000	120,000,000
Projects / self insurance reserves	280,000,000	280,000,000
Variable rate risk reserve	285,000,000	400,000,000
Capital projects	4,454,292	1,342,599
BART car exchange project	393,577,440	384,653,270
Regional Measure 3	65,533,627	-
Total restricted cash and investments	$ 2,118,521,696	$ 2,022,639,658

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, 2019 and 2018 is as follows:

Cash

	2019	**2018**
Cash at banks	$ 337,459,225	$ 459,346,030
Money market mutual funds	153,986,640	110,090,244
County of Alameda	76,583,437	80,385,744
Total Cash	$ 568,029,302	$ 649,822,018

MTC holds a position in the investment pool of County of Alameda for STA funds in the amount of $76,583,437 and $80,385,744 at June 30, 2019 and 2018, respectively. Deposits with the County of Alameda are available for immediate withdrawal.

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

	2019	2018
Mutual Fund		
CalTRUST Medium-Term Fund	0%	6%
Money Market Mutual Funds		
BlackRock Treasury Trust Fund	4%	3%
BlackRock T-Fund Institutional	less than 1%	less than 1%
California Asset Management Program	less than 1%	less than 1%
Morgan Stanley Government Portfolio	less than 1%	less than 1%

Mutual Fund

The CalTRUST Medium-Term Fund is an investment through the CalTRUST joint powers authority. The fund invests in debt securities issued by government and corporate entities. The fund has an average maturity of approximately 2 years and is rated "AA-" by Standard and Poor's. MTC's position in this fund was liquidated in January 2019.

Money Market Mutual Funds

The BlackRock Treasury Trust Fund is part of the overnight sweep fund utilized by Bank of New York trustee and custodial 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 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.

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’s money market portfolio is rated “AAA” by Standard & Poor’s.

The Morgan Stanley Government Portfolio is part of the overnight sweep fund utilized by Union Bank 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.

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, 2019 and 2018:

Government sponsored enterprises notes, municipal bonds and certificates of deposits: 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.

Local Agency Investment Fund: The position in the California State Local Agency Investment Fund is determined by the fair value of the pool's underlying portfolio.

CalTRUST Medium-Term Fund: The position in the CalTRUST Medium-Term Fund is determined by the fair value of the fund's underlying portfolio.

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, 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Government-Sponsored Enterprises:				
Federal Home Loan Bank	$ -	$ 2,111,828,619	$ -	$ 2,111,828,619
Federal Home Loan Mortgage Corporation	-	704,268,199	-	704,268,199
Federal National Mortgage Association	-	51,026,320	-	51,026,320
Federal Farm Credit Bank	-	35,000,200	-	35,000,200
Total	-	2,902,123,338	-	2,902,123,338
Municipal Bonds	-	31,800,000	-	31,800,000
Government Pool Investments:				
Local Agency Investment Fund	-	339,307	-	339,307
Total Investments Measured at Fair Value	$ -	$ 2,934,262,645	$ -	$ 2,934,262,645

Investments by fair value level at June 30, 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Government-Sponsored Enterprises:				
Federal Home Loan Bank	$ -	$ 1,825,927,087	$ -	$ 1,825,927,087
Federal Home Loan Mortgage Corporation	-	687,375,660	-	687,375,660
Federal National Mortgage Association	-	15,825,007	-	15,825,007
Federal Farm Credit Bank	-	71,095,560	-	71,095,560
Total	-	2,600,223,314	-	2,600,223,314
Certificates of Deposit	-	38,855,000	-	38,855,000
Municipal Bonds	-	32,200,000	-	32,200,000
Mutual Funds				
CalTRUST Medium-Term Fund	-	205,942,339	-	205,942,339
Government Pool Investments				
Local Agency Investment Fund	-	330,594	-	330,594
Total Investments Measured at Fair Value	$ -	$ 2,877,551,247	$ -	$ 2,877,551,247

Refer to Note 5 for the investment derivative instruments valuations.

MTC holds $339,307 and $330,594 at June 30, 2019 and 2018, respectively, in the Local Agency Investment Fund (LAIF). MTC's investment policy allows investment in LAIF as authorized by Government Code section 16429. 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.

The 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 GSE debt securities that can be held in the portfolio.

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 Union 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 cash and investments at June 30, 2019 and 2018 are as follows:

	2019	2018
Federal Home Loan Bank (FHLB)	60%	52%
Federal Home Loan Mortgage Corporation (FHLMC)	20%	19%
CalTRUST Medium-Term Fund	0%	6%

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 holds $25 million in investments tied to floating rate benchmarks. The rate on the investments resets based on the LIBOR (London Interbank Offered Rate) index.

Investment	Par Value	Structure	Final Maturity
FFCB	$25 million	3 mo LIBOR-(net) 25 bps to maturity	04/20

The weighted average maturities of MTC's GSE securities (expressed in number of years) at June 30, 2019 and 2018 are as follows:

	2019	2018
Government-sponsored enterprises		
Federal Home Loan Bank	0.31	0.47
Federal Farm Credit Bank	1.05	1.16
Federal Home Loan Mortgage Corporation	0.77	1.43
Federal National Mortgage Association	0.94	3.55

4. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2019 is as follows:

Governmental activities	**Beginning Balance July 1, 2018**	**Increases**	**Decreases**	**Ending Balance June 30, 2019**
Capital assets, not being depreciated:				
Intangible assets	$ 59,549	$ 10,730	$ (59,549)	$ 10,730
Total capital assets, not being depreciated	59,549	10,730	(59,549)	10,730
Capital assets, being depreciated:				
Building and improvements	109,415	-	-	109,415
Furniture and equipment	1,435,682	47,801	-	1,483,483
Intangible assets	97,426	48,800	-	146,226
Leased equipment	362,667	-	-	362,667
Automobiles	62,279	-	-	62,279
Total capital assets being depreciated	2,067,469	96,601	-	2,164,070
Less accumulated depreciation for:				
Building and improvements	109,415	-	-	109,415
Furniture and equipment	1,224,494	89,998	-	1,314,492
Intangible assets	32,586	26,309	-	58,895
Leased equipment	160,254	77,528	-	237,782
Automobiles	31,758	10,464	-	42,222
Total accumulated depreciation	1,558,507	204,299	-	1,762,806
Total capital assets, being depreciated, net	508,962	(107,698)	-	401,264
Governmental activities capital assets, net	$ 568,511	$ (96,968)	$ (59,549)	$ 411,994

Business-type activities	**Beginning Balance July 1, 2018**	**Increases**	**Decreases**	**Ending Balance June 30, 2019**
Capital assets, not being depreciated:				
Furniture and equipment	$ 41,854,592	$ 21,406,222	$ (15,010)	$ 63,245,804
Construction in progress	-	16,994,397	-	16,994,397
Intangible assets	2,245,994	252,374	(2,208,602)	289,766
Total capital assets, not being depreciated	44,100,586	38,652,993	(2,223,612)	80,529,967
Capital assets, being depreciated:				
Furniture and equipment	35,681,323	149,955	(190,215)	35,641,063
Building/Tenant improvements	5,163,153	-	-	5,163,153
Automobiles	87,942	-	-	87,942
Intangible assets	39,921,264	889,033	-	40,810,297
Call boxes	8,271,007	-	(1,235,683)	7,035,324
Total capital assets being depreciated	89,124,689	1,038,988	(1,425,898)	88,737,779
Less accumulated depreciation for:				
Furniture and equipment	13,758,732	3,149,996	(137,377)	16,771,351
Building/Tenant improvements	2,739,646	1,303,906	-	4,043,552
Automobiles	87,942	-	-	87,942
Intangible assets	19,681,373	3,879,758	-	23,561,131
Call boxes	7,521,548	168,080	(1,080,523)	6,609,105
Total accumulated depreciation	43,789,241	8,501,740	(1,217,900)	51,073,081
Total capital assets, being depreciated, net	45,335,448	(7,462,752)	(207,998)	37,664,698
Business-type activities capital assets, net	$ 89,436,034	$ 31,190,241	$ (2,431,610)	$ 118,194,665

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

Governmental activities:	
General government	$ 204,299
Total depreciation expense - governmental activities	$ 204,299
Business-type activities:	
Toll bridge	$ 8,132,738
Congestion relief	369,002
Total depreciation expense - business-type activities	$ 8,501,740

A summary of changes in capital assets for the year ended June 30, 2018 is as follows:

Governmental activities	Beginning Balance July, 1 2017	Increases	Decreases		Ending Balance June 30, 2018
Capital assets, not being depreciated:					
Intangible assets	$ 12,000	$ 47,549	$ -		$ 59,549
Total capital assets, not being depreciated	12,000	47,549	-		59,549
Capital assets, being depreciated:					
Buildings and improvements	$ 109,415	$ -	$ -	*	$ 109,415
Furniture and equipment	1,366,358	69,324	-		1,435,682
Intangible assets	86,426	11,000	-		97,426
Leased equipment	309,560	53,107	-		362,667
Automobiles	30,886	31,393	-		62,279
Total capital assets being depreciated	1,902,645	164,824	-		2,067,469
Less accumulated depreciation for:					
Buildings and improvements	104,319	5,096	-		109,415
Furniture and equipment	1,084,509	139,985	-		1,224,494
Intangible assets	15,118	17,468	-		32,586
Leased equipment	87,000	73,254	-		160,254
Automobiles	30,886	872	-		31,758
Total accumulated depreciation	1,321,832	236,675	-		1,558,507
Total capital assets being depreciated, net	580,813	(71,851)	-		508,962
Governmental activities capital assets, net	$ 592,813	$ (24,302)	$ -		$ 568,511

Business-type activities	Beginning Balance July, 1 2017	Increases	Decreases	Ending Balance June 30, 2018
Capital assets, not being depreciated:				
Furniture and equipment	$ 45,927,496	$ 30,249,833	$ (34,322,737)	$ 41,854,592
Construction in progress	632,593	-	(632,593)	-
Intangible assets	16,447,622	4,946,562	(19,148,190)	2,245,994
Total capital assets, not being depreciated	63,007,711	35,196,395	(54,103,520)	44,100,586
Capital assets, being depreciated:				
Furniture and equipment	14,829,958	20,851,365	-	35,681,323
Building/Tenant improvements	4,559,736	603,417	-	5,163,153
Automobiles	87,942	-	-	87,942
Intangible assets	22,779,130	17,142,134	-	39,921,264
Call boxes	8,794,851	-	(523,844)	8,271,007
Total capital assets being depreciated	51,051,617	38,596,916	(523,844)	89,124,689
Less accumulated depreciation for:				
Furniture and equipment	10,903,511	2,855,221	-	13,758,732
Building/Tenant improvements	1,450,825	1,288,821	-	2,739,646
Automobiles	87,942	-	-	87,942
Intangible assets	15,926,732	3,754,641	-	19,681,373
Call boxes	7,636,161	281,923	(396,536)	7,521,548
Total accumulated depreciation	36,005,171	8,180,606	(396,536)	43,789,241
Total capital assets, being depreciated, net	15,046,446	30,416,310	(127,308)	45,335,448
Business-type activities capital assets, net	$ 78,054,157	$ 65,612,705	$ (54,230,828)	$ 89,436,034

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

Governmental activities:	
General government	$ 236,675
Total depreciation expense - governmental activities	$ 236,675
Business-type activities:	
Toll bridge	$ 7,805,553
Congestion relief	375,053
Total depreciation expense-business-type activities	$ 8,180,606

5. Long-Term Debt

Fiscal Year 2019

In December 2018, BATA issued its Toll Revenue Bonds, 2018 Series A, B, and C of $402,105,000 to defease all of the Authority's outstanding Toll Revenue Bonds, 2014 Series C.

The 2018 Series A and B have a Term Rate Period of April 2026 and April 2022 respectively, and bears interest at the stated Term Rate. The 2018 Series C has an Index Rate Period of April 2020 and bears interest based on the SIFMA Index Rate, plus a spread. At the end of each respective initial Term Rate and 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 Term Rate and Index Rate.

The proceeds of the 2018 Series A, B, and C bonds were deposited into a Redemption Fund held by the Trustee to pay the principal amount for the redemption of the 2014 Series C bonds. BATA made a cash contribution to pay the costs of issuing the 2018 Series A, B, and C bonds.

The 2018 Series A, B, and C refunding transactions were recorded as a current refunding in accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities.* The transactions provided an economic loss of ($3,923,340).

In February 2019, BATA issued its Subordinate Toll Revenue Bonds, 2019 Series S-H of $126,240,000 to defease all of the Authority's outstanding Toll Revenue Bonds, 2007 Series A-1 and 2007 Series E-3. The 2019 Series S-H has a final maturity of April 2049 and bears interest at a stated fixed rate of 5 percent. The bonds were called within the call period in accordance with the master and subordinate indentures and as such constitute a current refunding under IRS code.

The proceeds of the 2019 Series S-H bonds, along with a cash contribution from BATA were deposited into an Escrow Fund held by the Trustee. 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. BATA also made a cash contribution to the transaction to (i) make a deposit to the Subordinate Reserve Fund and (ii) pay the costs of issuing the 2019 Series S-H bonds.

The 2019 Series S-H refunding transactions were recorded as an advance refunding in-substance defeasance in accordance with GASB Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt* and GASB Statement 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities.* Because the refunding consisted of the rollover of index bonds, there was no economic gain or loss from the transaction.

Fiscal Year 2018

In August 2017, BATA issued 2017 Toll Revenue Series E, G, H and S-7 Bonds to (i) refund all of the Authority's 2014 Series B outstanding Toll Revenue Bonds, a portion of the Authority's 2010 Series S-2 outstanding Toll Revenue Subordinate Bonds, and all of the Authority's 2013 Series S-4 outstanding

Toll Revenue Subordinate Bonds, (ii) make a deposit to the Reserve Account for the benefit of the 2017 Series Subordinate S-7 Bonds, and (iii) pay the costs of issuing the 2017 Series Subordinate S-7 Bonds.

The 2017 Series E, G, and H bonds of $552,085,000 were issued to defease the 2014 Series B Bonds. Each of the 2017 Series E, G, and H bonds has a Term Rate Period of April 2020, April 2024, and April 2025 respectively, and bears interest at the stated Term Rate. At the end of each respective Term 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 Term Rate.

The 2017 Series E, G, and H Bonds were deposited into an escrow fund held by the Trustee to pay principal and interest on the redemption price of the Refunded 2014 Series B Bonds. The proceeds remained uninvested in cash on the issue date. BATA made a cash contribution to the transaction to (i) make a deposit to the Reserve Fund and (ii) pay the costs of issuing the 2017 Series E, G, and H bonds.

The 2017 Series S-7 bonds of $1,402,175,000 were issued to defease $408,635,000 of the 2010 Series S-2 Bonds and $900,000,000 of the 2013 Series S-4 Bonds. The 2017 Series S-7 bonds has a final maturity of April 2049 and bears interest at the stated fixed rate ranging from 3% to 5%.

A portion of the proceeds of the 2017 Series S-7 Bonds were deposited (i) into an escrow fund to pay for principal and interest on the redemption price of the refunded 2010 Series S-2 Bonds, and (ii) into an escrow fund to pay principal of and interest on and redemption price of the Refunded 2013 Series S-4 Bonds. Amounts in the 2010 Series S-2 Escrow Fund and in the 2013 Series S-4 Escrow Fund is invested in Government Securities. The respective Series of Refunded Bonds are to be paid at maturity or redeemed on the redemption dates from amounts held in the respective Escrow Funds.

The 2017 Series E, G, H and S-7 refunding transactions were recorded as an advance refunding in-substance defeasance in accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities, as amended by paragraph 5 and 6 of Statement No. 65, Items Previously Reported as Assets and Liabilities*. The transactions provided an economic gain of $143,060,831.

Term / Index Rate Bonds:

BATA has a principal balance of $2,539,305,000 in term/index rate bonds. The term/index rate bond series are detailed as follows:

Series	Par	Term/ Index Rate	Effective Date	Maturity Date
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
2014 Series D	$143,730,000	1.875%	12/18/2014	4/1/2020
2014 Series E	$143,675,000	2.00%	12/18/2014	4/1/2021
2014 Series G	$71,865,000	SIFMA Swap Index plus 0.60%	12/18/2014	4/1/2020
2014 Series H	$71,830,000	SIFMA Swap Index plus 0.70%	12/18/2014	4/1/2021
2017 Series A	$125,225,000	2.950%	2/23/2017	4/1/2026
2017 Series B	$125,225,000	2.850%	2/23/2017	4/1/2025
2017 Series C	$151,715,000	2.100%	2/23/2017	4/1/2022
2017 Series D	$156,850,000	70% of 3 month LIBOR plus 0.55%	2/23/2017	4/1/2021
2017 Series E	$209,360,000	1.375%	8/23/2017	4/1/2020
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
2018 Series B	$125,000,000	2.250%	12/20/2018	4/1/2022
2018 Series C	$82,370,000	SIFMA Swap Index plus 0.35%	12/20/2018	4/1/2020

Variable Rate Demand Bonds:

BATA has a principal balance of $400,000,000 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	6/15/2022	JP Morgan Securities, LLC
2007 Series B2	$75,000,000	Sumitomo Mitsui Banking Corporation	A1/P1/F1	6/15/2022	Citigroup Global Markets Inc.
2007 Series C2	$25,000,000	MUFG Bank, Ltd.	A1/P1/F1	6/15/2022	Goldman Sachs & Co
2007 Series D2	$100,000,000	Bank of America, N.A.	A1/P1/F1+	6/15/2022	Merrill Lynch, Pierce, Fenner & Smith Inc.
2007 Series G1	$50,000,000	Bank of America. N.A	A1/P1/F1+	6/15/2022	Barclays Capital Inc.
2008 Series C1	$25,000,000	Sumitomo Mitsui Banking Corporation	A1/P1/F1	6/15/2022	Citigroup Global Markets Inc
2008 Series E1	$50,000,000	MUFG Bank, Ltd.	A1/P1/F1	6/15/2022	Morgan Stanley & Co. LLC.

As of June 30, 2019, 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, 2019 is as follows:

Business-type activities

	Issue Date	Interest Rate		Calendar Year Maturity	Original Amount	Beginning Balance July 1, 2018	Additions	Reductions	Ending Balance June 30, 2019	Due Within One Year
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 (A1, C1)	5/15/2007	2.80%	(4)	2047	100,000,000	100,000,000	-	(50,000,000) (6)	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-D2, E3)	10/25/2007	3.60%	(2)	2047	375,000,000	375,000,000	-	(100,000,000) (6)	275,000,000	-
2008 Revenue Bond Series (A1-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	4.53%	(1,3)	2050	1,500,000,000	1,500,000,000	-	-	1,500,000,000	18,130,000
2010 Revenue Bond Series S2	11/4/2010	3.84%	(1)	2020	410,000,000	1,365,000	-	-	1,365,000	300,000
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	4.70%	(1)	2031	907,525,000	827,430,000	-	(47,665,000) (7)	779,765,000	49,900,000
2014 Revenue Bond Series C	8/5/2014	1.88%	(1)	2047	954,190,000	402,105,000	-	(402,105,000) (5)	-	-
2014 Revenue Bond Series F1	8/5/2014	5.00%	(1)	2054	200,000,000	200,000,000	-	-	200,000,000	-
2014 Revenue Bond Series (D,E)	12/18/2014	1.94%	(1)	2034	287,405,000	287,405,000	-	-	287,405,000	-
2014 Revenue Bond Series (G,H)	12/18/2014	3.60%	(2)	2034	143,695,000	143,695,000	-	-	143,695,000	-
2014 Revenue Bond Series F2	12/18/2014	4.00%	(1)	2021	80,335,000	80,335,000	-	(5,615,000) (7)	74,720,000	38,540,000
2014 Revenue Bond Series (S5,S6)	12/18/2014	4.79%	(1)	2054	300,000,000	300,000,000	-	-	300,000,000	-
2017 Revenue Bond Series (A,B,C)	2/23/2017	2.60%	(1)	2047	402,165,000	402,165,000	-	-	402,165,000	-
2017 Revenue Bond Series D	2/23/2017	3.60%	(2)	2045	156,850,000	156,850,000	-	-	156,850,000	-
2017 Revenue Bond Series F1	2/23/2017	4.75%	(1)	2056	300,000,000	300,000,000	-	-	300,000,000	-
2017 Revenue Bond Series (E,G,H)	8/23/2017	1.81%	(1)	2053	552,085,000	552,085,000	-	-	552,085,000	-
2017 Revenue Bond Series S7	8/23/2017	4.07%	(1)	2049	1,402,175,000	1,402,175,000	-	(10,605,000) (7)	1,391,570,000	11,365,000
2018 Revenue Bond Series A	12/20/2018	3.60%	(2)	2045	194,735,000	-	194,735,000 (5)	-	194,735,000	-
2018 Revenue Bond Series B	12/20/2018	2.25%	(1)	2045	125,000,000	-	125,000,000 (5)	-	125,000,000	-
2018 Revenue Bond Series C	12/20/2018	2.25%	(4)	2047	82,370,000	-	82,370,000 (5)	-	82,370,000	-
2019 Revenue Bond Series SH	2/26/2019	5.00%	(1)	2049	126,240,000	-	126,240,000 (6)	-	126,240,000	-
					$ 11,194,770,000	$ 9,475,610,000	$ 528,345,000	$ (615,990,000)	$ 9,387,965,000	$ 118,235,000
Net unamortized bond premium /(discount)						$ 256,440,322	$ 18,533,828	$ (19,512,666)	$ 255,461,484	
Net long-term debt as of June 30, 2019						$ 9,732,050,322	$ 546,878,828	$ (635,502,666)	$ 9,643,426,484	

(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 BATA has liquidity commitments.
(3) Federal Taxable Build America Bonds.
(4) The interest rate presented is the 6/30/2019 SIFMA rate plus the spread related to the respective bond.
(5) The 2018 Series A,B,C bonds were issued as senior term rate bonds and SIFMA index rate bonds to fully refund $402,105,000 of the 2014 Series C bond.
(6) The 2019 Series SH bond was issued as a subordinate fixed rate bond to fully refund $50,000,000 of the 2007 Series A1 bond and $100,000,000 of the 2007 Series E3 bond.
(7) Scheduled payments.

A summary of changes in long-term debt for the year ended June 30, 2018 is as follows:

Business-type activities

	Issue Date	Interest Rate	Calendar Year Maturity	Original Amount	Beginning Balance July 1, 2017	Additions	Reductions	Ending Balance June 30, 2018	Due Within One Year
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 F	5/15/2007	4.99% [1]	2018	310,950,000	9,935,000	-	(9,935,000) [6]	-	-
2007 Revenue Bond Series (A1,C1,G1)	5/15/2007	3.60% [2]	2047	150,000,000	150,000,000	-	-	150,000,000	-
2007 Revenue Bond Series (A2-D2,E3)	10/25/2007	3.60% [2]	2047	375,000,000	375,000,000	-	-	375,000,000	-
2008 Revenue Bond Series (A1-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	4.53% [1,3]	2050	1,500,000,000	1,500,000,000	-	-	1,500,000,000	-
2010 Revenue Bond Series S2	11/4/2010	3.84% [1]	2020	410,000,000	410,000,000	-	(408,635,000) [5]	1,365,000	-
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	4.69% [1]	2031	907,525,000	873,255,000	-	(45,825,000) [6]	827,430,000	47,665,000
2013 Revenue Bond Series S4	8/6/2013	5.11% [1]	2053	900,000,000	900,000,000	-	(900,000,000) [5]	-	-
2014 Revenue Bond Series (B,C)	8/5/2014	1.88% [1]	2047	954,190,000	954,190,000	-	(552,085,000) [4]	402,105,000	-
2014 Revenue Bond Series F1	8/5/2014	5.00% [1]	2054	200,000,000	200,000,000	-	-	200,000,000	-
2014 Revenue Bond Series (D,E)	12/18/2014	1.94% [1]	2034	287,405,000	287,405,000	-	-	287,405,000	-
2014 Revenue Bond Series (G,H)	12/18/2014	3.60% [2]	2034	143,695,000	143,695,000	-	-	143,695,000	-
2014 Revenue Bond Series F2	12/18/2014	3.93% [1]	2021	80,335,000	80,335,000	-	-	80,335,000	5,615,000
2014 Revenue Bond Series (S5,S6)	12/18/2014	4.79% [1]	2054	300,000,000	300,000,000	-	-	300,000,000	-
2017 Revenue Bond Series (A,B,C)	2/23/2017	2.60% [1]	2047	402,165,000	402,165,000	-	-	402,165,000	-
2017 Revenue Bond Series D	2/23/2017	3.60% [2]	2045	156,850,000	156,850,000	-	-	156,850,000	-
2017 Revenue Bond Series F1	2/23/2017	4.75% [1]	2056	300,000,000	300,000,000	-	-	300,000,000	-
2017 Revenue Bond Series (E,G,H)	8/23/2017	1.81% [1]	2053	552,085,000	-	552,085,000 [4]	-	552,085,000	-
2017 Revenue Bond Series S7	8/23/2017	4.08% [1]	2049	1,402,175,000	-	1,402,175,000 [5]	-	1,402,175,000	10,605,000
				$ 11,877,375,000	$ 9,437,830,000	$ 1,954,260,000	$ (1,916,480,000)	$ 9,475,610,000	$ 63,885,000
Net unamortized bond premium /(discount)					$ 179,808,394	$ 99,644,336	$ (23,012,408)	$ 256,440,322	
Net long-term debt as of June 30, 2018					$ 9,617,638,394	$ 2,053,904,336	$ (1,939,492,408)	$ 9,732,050,322	

(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 BATA has liquidity commitments.
(3) Federal Taxable Build America Bonds.
(4) The 2017 Series E, G, H bonds were issued as senior term rate bonds on 08/23/2017 to fully refund $552,085,000 of the 2014 Series B bonds.
(5) The 2017 Series S7 bonds were issued as subordinate fixed rate bonds on 08/23/2017 to partly refund $408,635,000 of the 2010 Series S2 bonds and to fully refund $900,000,000 of the 2013 Series S4 bonds.
(6) Scheduled payments.

Annual funding requirements

The annual funding requirements for the debt and swap outstanding of the business-type activities at June 30, 2019 are as follows:

Business-type activities

Fiscal Year Ending	Principal Payments	Interest Payments	Total Payments
2020	$ 118,235,000	$ 408,149,500	$ 526,384,500
2021	119,950,000	402,881,890	522,831,890
2022	128,510,000	397,278,239	525,788,239
2023	135,985,000	392,666,365	528,651,365
2024	142,885,000	385,977,225	528,862,225
2025-2029	898,450,000	1,826,969,587	2,725,419,587
2030-2034	1,176,640,000	1,598,878,324	2,775,518,324
2035-2039	1,386,255,000	1,314,676,108	2,700,931,108
2040-2044	1,640,805,000	997,117,903	2,637,922,903
2045-2049	2,005,600,000	625,143,910	2,630,743,910
2050-2054	1,256,005,000	228,720,324	1,484,725,324
2055-2056	378,645,000	27,329,775	405,974,775
	$ 9,387,965,000	$ 8,605,789,150	$ 17,993,754,150

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 11.

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.

As of June 30, 2019, the current Reserve Requirement and the market valuation of the cash and investment securities in the Debt Service reserves are as follows:

	Reserve Requirement	Market Valuation of Cash & Securities
Senior Debt	$339,859,036	$349,949,808
Subordinate Debt	$167,997,251	$177,639,009

BATA maintains certain designated reserves:

Designation	Requirement	Required Amount	June 30, 2019
External Designation:			
O & M	2x Caltrans budgeted O&M costs	$59 million	$175 million
Extraordinary loss	BATA/Caltrans Coop Agreement	$50 million	$50 million
BATA designation:			
Rehab reserve	2x Rehab budget ($105m/yr)	$210 million	$210 million
Variable rate risk reserve	BATA designation	$285 million	$285 million
Project/ Self Insurance Reserves	BATA designation	$280 million	$280 million

Derivative Instruments

Investment derivatives fair value in a payable to the counterparty position was $443,108,680 and $311,738,366 at June 30, 2019 and June 30, 2018 respectively, and recorded in the Statement of Net Position as a liability. In fiscal year 2019, the fair value of investment derivatives decreased by $131,370,314 compared to an increase of $79,043,591 in fiscal year 2018. The changes in the fair value of investment derivatives were recorded to investment income. See Note 1.U 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, 2019 and 2018 classified by type, and the changes in fair value of such derivative instruments since June 30, 2018 and 2017 as reported in the financial statements are as follows:

	Increase (decrease) in Fair Value since June 30, 2018		Fair Value at June 30, 2019		
Business-type Activities	**Classification**	**Amount**	**Classification**	**Amount**	**Notional**
Pay-fixed interest rate swap	Investment Income	$ (131,370,314)	Noncurrent Liabilities	$ (443,108,680)	$ 1,440,000,000

	Increase in Fair Value since June 30, 2017		Fair Value at June 30, 2018		
Business-type Activities	**Classification**	**Amount**	**Classification**	**Amount**	**Notional**
Pay-fixed interest rate swap	Investment Income	$ 78,822,052	Noncurrent Liabilities	$ (311,738,366)	$ 1,440,000,000
Receive-fixed interest rate swap	Investment Income	$ 221,539	Noncurrent Liabilities	$ -	$ -

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 terms of the derivative instruments outstanding along with the credit rating as of June 30, 2019 of the associated counterparty as well as the fair value of the derivative instruments.

	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	BBB+	A3

Investment Derivative Instruments at June 30, 2019:

			Fair Value due from / (to) Counterparty			
Amortized Notional Value	**Counterparty**	**Fixed Payer Rate[A]**	**Level 1**	**Level 2**	**Level 3**	**Total**
$75 million	Wells Fargo Bank, N.A.	3.29%	$ -	$ (17,747,760)	$ -	$ (17,747,760)
$75 million	Morgan Stanley Capital Services LLC.	4.09%	-	(24,863,340)	-	(24,863,340)
$110 million	Wells Fargo Bank, N.A.	3.64%	-	(29,864,401)	-	(29,864,401)
$30 million	Bank of America, N.A.	3.63%	-	(10,226,019)	-	(10,226,019)
$115 million	Citibank Bank, N.A., New York	3.64%	-	(31,221,724)	-	(31,221,724)
$245 million	JP Morgan Chase Bank, N.A.	4.00%	-	(91,747,185)	-	(91,747,185)
$50 million	Bank of America, N.A.	3.63%	-	(17,703,056)	-	(17,703,056)
$260 million	Citibank Bank, N.A. New York	3.64%	-	(73,528,570)	-	(73,528,570)
$125 million	Bank of America, N.A.	2.96%	-	(29,745,177)	-	(29,745,177)
$60 million	Goldman Sachs Mitsui Marine Derivative Products, L.P.	3.64%	-	(20,527,527)	-	(20,527,527)
$85 million	Goldman Sachs Mitsui Marine Derivative Products, L.P.	3.64%	-	(30,228,118)	-	(30,228,118)
$170 million	The Bank of New York Mellon	3.64%	-	(60,455,573)	-	(60,455,573)
$40 million	The Bank of New York Mellon	2.22%	-	(5,250,230)	-	(5,250,230)
	Total Derivative Instruments - Fair Value		$ -	$ (443,108,680)	$ -	$ (443,108,680)

Inputs to the valuation methodology are observable pursuant to the fair value hierarchy under GASB 72. Refer to Note 3B for the description of hierarchy levels.

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

Investment Derivative Instruments at June 30, 2018[(A)]:

Amortized Notional Value	Counterparty	Fixed Payer Rate[(B)]	Fair Value due from / (to) Counterparty: Level 1	Level 2	Level 3	Total
$75 million	Wells Fargo Bank, N.A.	3.29%	$ -	$ (12,479,444)	$ -	$ (12,479,444)
$75 million	Morgan Stanley Capital Services LLC	4.09%	-	(19,526,049)	-	(19,526,049)
$110 million	Wells Fargo Bank, N.A.	3.64%	-	(21,310,427)	-	(21,310,427)
$30 million	Bank of America, N.A.	3.63%	-	(7,277,916)	-	(7,277,916)
$115 million	Citibank, N.A., New York	3.64%	-	(22,278,984)	-	(22,278,984)
$245 million	JP Morgan Chase Bank, N.A.	4.00%	-	(65,209,285)	-	(65,209,285)
$50 million	Bank of America, N.A.	3.63%	-	(12,543,304)	-	(12,543,304)
$260 million	Citibank, N.A., New York	3.64%	-	(52,257,066)	-	(52,257,066)
$125 million	Bank of America, N.A.	2.96%	-	(18,173,721)	-	(18,173,721)
$60 million	Goldman Sachs Mitsui Marine Derivative Products, L.P.	3.64%	-	(14,633,237)	-	(14,633,237)
$85 million	Goldman Sachs Mitsui Marine Derivative Products, L.P.	3.64%	-	(21,456,172)	-	(21,456,172)
$170 million	The Bank of New York Mellon	3.64%	-	(42,911,917)	-	(42,911,917)
$40 million	The Bank of New York Mellon	2.22%	-	(1,680,844)	-	(1,680,844)
	Total Derivative Instrument - Fair Value		$ -	$ (311,738,366)	$ -	$ (311,738,366)

Inputs to the valuation methodology are observable pursuant to the fair value hierarchy under GASB 72. Refer to Note 3B for the description of hierarchy levels.

(A) Fixed receiver swaps for Wells Fargo Bank, N.A. $131.4 million, The Bank of New York Mellon $146.4 million, Bank of America, N.A. $40 million, and Bank of America, N.A. $160 million were terminated as of 4/1/2018.

(B) Authority paying fixed rate receiving variable rate based on LIBOR Index.

The termination value, or fair market value, BATA would pay to terminate all swaps on a voluntary basis is $443 million and $312 million on June 30, 2019 and June 30, 2018, respectively. The fair value was determined by an independent outside pricing service. BATA's intent, however, is to maintain the swap transactions for the life of the related financings, notwithstanding market opportunities to restructure.

On April 1, 2018, all four fixed receiver swap counterparties exercised their option to terminate their four (4) existing cancellable fixed-receiver interest rate swaps. The counterparties to the swaps were Bank of America, N.A. for $160 million and $40 million, The Bank of New York Mellon for $146.4 million and Wells Fargo Bank N.A. for $131.4 million. The swaps were partially terminated in June 2015 which included a suspension of payments from July 1, 2015 through April 1, 2018, the cancellation option exercise date. No termination payment was due by either BATA or the counterparties.

Swaps are subject to credit risk, which is the possibility that the counterparty will fail to make interest payment in a timely manner or that there are negative perceptions of the issuer's ability 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 is, the greater the chance (in the opinion of the rating agency) that the counterparty may 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, 2019, none of the counterparties was required to post collateral with a third party safekeeping agent.

6. Leases

Capital Leases

MTC's copier equipment is under a capital lease which will expire in fiscal year 2021. The liabilities under this capital lease are recorded at the present value of the minimum lease payments and presented in the government-wide governmental activities under non-current liabilities. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019, are as follows:

Governmental Activities

Year Ending June 30		Amount
2020	$	85,200
2021		52,032
Total		137,232
Less interest amounts		(4,649)
Present value of net minimum lease payments	$	132,583

7. Interfund Receivables, Payables and Transfers

The composition of interfund transfers as of June 30, 2019, is as follows:

	Transfer In:							
Transfer Out:	General	AB 664 Net Toll Revenue Reserve	STA	Rail Reserves	Non-Major Governmental Funds	MTC Clipper®	Bay Area Toll Authority	Total
Non-Major	$ 1,516,174	$ -	$ -	$ -	$ -	$ 118,585	$ -	$ 1,634,759
STA	457,687	-	-	-	-	15,186,893	-	15,644,580
MTC Clipper®	-	-	83,545	-	-	-	-	83,545
BATA	14,172,448	8,248,725	-	6,697,490	1,944,408	4,600,000	-	35,663,071
SAFE	6,086,669	-	-	-	-	-	3,000,000	9,086,669
Total	$ 22,232,978	$ 8,248,725	$ 83,545	$ 6,697,490	$ 1,944,408	$ 19,905,478	$ 3,000,000	$ 62,112,624

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 $15,186,893 was transferred from STA to MTC-Clipper® to support their operations. An amount of $8,035,114 was transferred from BATA to the General fund which represents the annual 1% transfer for MTC administration. The transfer amount from BATA to AB 664, Rail Reserves and Non-Major funds totaling $16,890,623 is the amortization of the deferred revenue for these funds. See Note 1.Q for further details.

Receivable Fund	Payable Fund	Amount
General	SAFE	$ 3,552,573
General	Non-Major	1,033,928
General	STA	227,023
General	BATA	1,373,313
STA	MTC Clipper®	83,545
MTC Clipper®	STA	397,484
MTC Clipper®	BATA	3,146,125
SAFE	General	2,416,355
BATA	General	112,175

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, 2019 are as follows: an amount of $3,552,573 represents expenses incurred for the Commuter Parking Initiative project, but not yet received from SAFE; an amount of $3,146,125 represents expenses incurred for the MTC-Clipper® project, but not yet reimbursed from BATA; an amount $2,416,355 represents an advance the General fund received from SAFE to support the Regional Operations, Emergency Response Operations and Freeway Initiative projects; an amount of $1,373,313 represents expenses incurred for the Bay Bridge Forward projects, but not yet reimbursed from BATA; and $1,033,928 represents expenses incurred for the Commuter Parking Initiative and Regional Trails projects, but not yet reimbursed from Non-Major fund.

The composition of interfund transfers as of June 30, 2018, is as follows:

	Transfer In:							
Transfer Out:	General	AB 664 Net Toll Revenue Reserve	STA	Rail Reserves	Non-Major Governmental Funds	MTC Clipper	SAFE	Total
Non-Major	$ 1,179,919	$ -	$ -	$ -	$ -	$ 200,000	$ -	$ 1,379,919
STA	665,413	-	-	-	7,999	12,514,388	-	13,187,800
General	-	-	27,196	-	-	-	-	27,196
MTC Clipper®	-	-	406,347	-	-	-	-	406,347
BATA	10,931,729	8,585,558	-	6,970,978	2,024,181	4,171,531	200,000	32,883,977
SAFE	937,565	-	-	-	-	-	-	937,565
Total	$ 13,714,626	$ 8,585,558	$ 433,543	$ 6,970,978	$ 2,032,180	$ 16,885,919	$ 200,000	$ 48,822,804

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 $12,514,388 was transferred from STA to MTC-Clipper® to support their operations. An amount of $7,882,180 was transferred from BATA to the General fund which represents an annual 1% transfer for MTC administration. The transfer amount from BATA to AB 664, Rail Reserves and Non-Major funds totaling $17,580,344 is the amortization of the deferred revenue for these funds. See Note 1.Q for further details.

Receivable Fund	Payable Fund	Amount
General	STA	$ 266,671
General	MTC Clipper®	182,123
General	BATA	1,972,695
STA	General	27,196
STA	MTC Clipper®	406,347
Non-Major	General	874
MTC Clipper®	Non-Major	200,000
MTC Clipper®	STA	1,185,159
MTC Clipper®	BATA	959,206
SAFE	General	1,740,011
BATA®	General	287,125

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, 2018 are as follows: an amount of $1,972,695 represents expenses incurred mainly for Incident Mangement projects, but not yet reimbursed from BATA; an amount $1,740,011 represents an advance the General fund received from SAFE to support the Regional Operations, Emergency Response Operations, Incident Management and Freeway Initiative project; and $1,185,159 represents expenses incurred for the MTC-Clipper® project, but not yet reimbursed from STA.

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 comprehensive annual 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, 2019, 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, 2018 are as follows**:**

Active employees	277
Inactive employees or beneficiaries currently receiving benefits	137
Inactive employees entitled to but not yet receiving benefits	129

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. For current reporting period ended June 30, 2019, MTC's retirement contributions are allocated as follows:

- Tier 1 - The total Public Employees' Retirement System (PERS) contribution rate is 27.572 percent (consisting of 19.572 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, 2019 is 20.782 percent by MTC and 6.79 percent by members.

- Tier 2 - The total PERS contribution rate is 26.072 percent (consisting of 19.572 percent employer rate and 6.5 percent member rate). Per MTC and employee agreement, the shared contribution for the current reporting period ended June 30, 2019 is 19.572 percent by MTC and 6.50 percent by members.

The employer actuarially determined contribution is charged to its blended and discretely presented component units on their share of MTC's payroll cost for the relevant year.

B. Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

MTC's net pension liability is measured as the total pension liability, less the Plan's fiduciary net position. For the measurement period ended June 30, 2018, the total pension liability was determined using the annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The June 30, 2018 pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table(1)	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

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

Change of Assumptions

In fiscal year 2019, the accounting discount rate remains at 7.15 percent.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan as required by GASB 68, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flow used in the testing was developed assuming that both members and employers will make their required contributions on time as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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 funds (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirements Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), 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 PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10*	Real Return Years 11+*
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-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

The following table shows the changes in net pension liability recognized over the measurement period.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2017	$ 158,377,485	$ 121,706,195	$ 36,671,290
Changes Recognized for the Measurement Period:			
Service Cost	6,156,743	-	6,156,743
Interest on Total Pension Liability	10,871,494	-	10,871,494
Changes of Assumptions	(5,335,069)	-	(5,335,069)
Difference between Expected and Actual Experience	(1,053,719)	-	(1,053,719)
Net Plan to Plan Resource Movement	-	(309)	309
Contributions from Employers	-	5,457,108	(5,457,108)
Contributions from Employees	-	2,537,731	(2,537,731)
Net Investment Income	-	10,586,685	(10,586,685)
Benefit Payments, including Refunds of Employee Contributions	(6,036,425)	(6,036,425)	-
Administrative Expense	-	(189,652)	189,652
Other Miscellaneous Income/(Expense)*	-	(360,152)	360,152
Net Changes during 2017-18	4,603,024	11,994,986	(7,391,962)
Balance at June 30, 2018	162,980,509	133,701,181	29,279,328

* During FY17-18, 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 the activity related to pensions in accordance with GASB 68, Acccounting and Financial Reporting for Pensions.

		Enterprise Funds					
	Governmental Funds	Bay Area Toll Authority	MTC SAFE	MTC Clipper	BAHA	BAIFA	Total
Net pension liability for fiscal year 2019	$ 19,889,459	$ 7,326,766	$ 471,843	$ 1,524,993	$ 69,659	$ (3,392) *	$ 29,279,328

* Reported as Net Pension Assets.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability 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 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%)
Plan's Net Pension Liability / (Asset)	$ 52,124,679	$ 29,279,328	$ 10,407,168

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 average expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active 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, 2018 is 5.1 years which was obtained by dividing the total service years of 2,775 (the sum of remaining service lifetimes of the active employees) by 543 (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 incurred a pension expense of $5,414,566 for fiscal year 2019 based on the measurement period ended June 30, 2018. The pension expense is allocated to its blended and discretely presented component units as follows:

	Governmental Funds	Enterprise Funds: Bay Area Toll Authority	Enterprise Funds: MTC SAFE	Enterprise Funds: MTC Clipper	BAHA	BAIFA	Total
Pension expense for fiscal year 2019	$ 3,856,375	$ 1,095,777	$ 81,899	$ 265,431	$ 49,373	$ 65,711	$ 5,414,566

As of June 30, 2019, MTC has deferred outflows and deferred inflows of resources related to pensions as follows:

Deferred Outflows of Resources

	Governmental Funds	Enterprise Funds: Bay Area Toll Authority	Enterprise Funds: MTC SAFE	Enterprise Funds: MTC Clipper	BAHA	BAIFA	Total
Changes in assumptions	$ 3,612,309	$ 1,026,427	$ 76,715	$ 248,633	$ 46,248	$ 65,681	$ 5,076,013
Difference between expected and actual experience	9,068	2,576	193	625	116	-	12,578
Net difference between projected and actual earnings on pension plan investments	91,119	25,891	1,935	6,273	1,166	(52,803) *	73,581
Employer contributions for fiscal year 2019	4,317,012	10,456,490	91,681	297,137	55,270	78,494	15,296,084
Total	$ 8,029,508	$ 11,511,384	$ 170,524	$ 552,668	$ 102,800	$ 91,372	$ 20,458,256

Deferred Inflows of Resources

	Governmental Funds	Enterprise Funds: Bay Area Toll Authority	Enterprise Funds: MTC SAFE	Enterprise Funds: MTC Clipper	BAHA	BAIFA	Total
Changes in assumptions	$ (3,094,608)	$ (879,324)	$ (65,722)	$ (212,999)	$ (39,621)	$ (55,497)	$ (4,347,771)
Difference between expected and actual experience	(2,013,051)	(572,002)	(42,750)	(138,558)	(25,773)	(35,283)	(2,827,417)
Total	$ (5,107,659)	$ (1,451,326)	$ (108,472)	$ (351,557)	$ (65,394)	$ (90,780)	$ (7,175,188)

* Reported as Deferred Inflows of Resorces.

The $15,296,084 which included an additional $9,229,824 made by BATA in the preceeding table is reported as deferred outflows of resources related to employer contributions subequent to the measurement and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

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						
		Enterprise Funds					
Year ended	Governmental Funds	Bay Area Toll Authority	MTC SAFE	MTC Clipper	BAHA	BAIFA	Total
2020	$ 943,406	$ 268,065	$ 20,032	$ 64,937	$ 12,079	$ (15,682)	$ 1,292,837
2021	220,907	62,770	4,691	15,204	2,829	(15,682)	290,719
2022	(1,317,465)	(374,353)	(27,979)	(90,680)	(16,867)	(23,954)	(1,851,298)
2023	(1,152,865)	(327,583)	(24,483)	(79,351)	(14,760)	(20,963)	(1,620,005)
2024	(89,146)	(25,331)	(1,890)	(6,136)	(1,145)	(1,620)	(125,268)
Thereafter	-	-	-	-	-	-	-

9. Other Post Employment Benefits (OPEB)

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

Plan Description

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. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS website or by writing to CalPERS Fiscal Services Division, P.O. Box 942703, Sacramento, California 94229.

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, 2018, the date of the roll-forward actuarial valuation:

Active employees	270
Inactive employees or beneficiaries currently receiving benefit payments	85
Inactive employees entitled to but not yet receiving benefit payments	-
	355

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, 2019, MTC pays the retiree benefit expense on a pay-as-you-go basis of $1,010,937, an estimated implicit subsidy of $231,193 and funds the remaining actuarially determined contribution (ADC) of $2,989,063 to PARS. In addition, MTC made an additional contribution of $8,000,000 to the Trust to paydown its OPEB liability.

New Standard - GASB Statement No. 75

In fiscal year 2018, MTC adopted GASB 75 where MTC recognizes a liability as the employee earn benefits by providing services. Changes to OPEB liability are recognized immediately as OPEB expenses or deferred outflows and deferred inflows of resources.

B. Net OPEB Liability

MTC's net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by 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:

Discount rate	4.50%
Inflation	2.50%
Investment rate of return	4.50%
Healthcare cost trend rates	Pre-Medicare - 6.25% for 2019 increasing to 5.50% for 2021 and later Medicare - 6.00% for 2019 increasing to 5.25% for 2021 and later
Mortality rates	Mortality assumption is based on the current mortality rates from the 2014 CalPERS experience report and includes a projection to 2028 using scale BB

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 Arithmetic Nominal Return (40 years)
U.S. Corporate Bonds	45.00%	5.49%
U.S. Government Bonds	45.00%	3.91%
U.S. Municipal Bonds	5.00%	4.43%
Non - U.S. Fixed Income	5.00%	3.05%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 4.50 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

The following table shows the changes in net OPEB liability recognized as of June 30, 2018.

	Increase / (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of June 30, 2017	$ 36,096,169	$ 28,944,010	$ 7,152,159
Service cost	2,608,053	-	2,608,053
Interest on the total OPEB liability	1,718,583	-	1,718,583
Differences between expected and actual experience	-	-	-
Contributions - employer	-	4,196,184	(4,196,184)
Net investment income	-	(151,961)	151,961
Benefit payments	(1,026,974)	(1,026,974)	-
Administrative expense	-	(57,409)	57,409
Net changes	3,299,662	2,959,840	339,822
Balance as of June 30, 2018	$ 39,395,831	$ 31,903,850	$ 7,491,981

		Enterprise Funds					
	Governmental Funds	Bay Area Toll Authority	MTC SAFE	MTC Clipper	BAHA	BAIFA	Total
Net OPEB liability for fiscal year 2019	$ 5,059,342	$ 1,717,608	$ 130,622	$ 405,731	$ 119,233	$ 59,445	$ 7,491,981

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents what the MTC's net OPEB liability (NOL) 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 (3.50%)	Current Discount Rate (4.50%)	1% Increase in Discount Rate (5.50%)
Net OPEB liability / (asset)	$ 13,538,516	$ 7,491,981	$ 2,576,971

The following presents what the MTC's net OPEB liability (NOL) 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 to changes in the healthcare cost trend rates

	1% Decrease in Heathcare Cost Trend Rate	Current Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
Net OPEB liability / (asset)	$ 1,460,665	$ 7,491,981	$ 15,122,750

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

For the year ended June 30, 2019, the MTC recognized OPEB expense of $3,588,414. The OPEB expense is allocated to its blended and discretely presented component units as follows:

		Enterprise Funds					
	Governmental Funds	Bay Area Toll Authority	MTC SAFE	MTC Clipper	BAHA	BAIFA	Total
OPEB expense for fiscal year 2019	$ 2,553,671	$ 725,618	$ 54,232	$ 175,767	$ 32,694	$ 46,432	$ 3,588,414

At June 30, 2019, MTC reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources						
		Enterprise Funds					
	Governmental Funds	Bay Area Toll Authority	MTC SAFE	MTC Clipper	BAHA	BAIFA	Total
Net difference between projected and actual earnings on pension plan investments	$ 1,401,219	$ 398,152	$ 29,758	$ 96,444	$ 17,939	$ 25,478	$ 1,968,990
Employer contributions for fiscal year 2019	8,704,243	2,473,285	184,853	599,107	111,439	158,266	12,231,193
Total	$ 10,105,462	$ 2,871,437	$ 214,611	$ 695,551	$ 129,378	$ 183,744	$ 14,200,183

The $12,231,193 contribution which included an additional $8,000,000 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 a reduction of the net OPEB liablitity in the year ended June 30, 2020.

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

		Enterprise Funds					
Year ended:	Governmental Funds	Bay Area Toll Authority	MTC SAFE	MTC Clipper	BAHA	BAIFA	Total
2020	$ 395,735	$ 112,448	$ 8,406	$ 27,236	$ 5,066	$ 7,195	$ 556,086
2021	395,735	112,447	8,404	27,238	5,066	7,196	556,086
2022	395,734	112,446	8,404	27,238	5,066	7,196	556,084
2023	214,015	60,811	4,544	14,732	2,741	3,891	300,734
Thereafter	-	-	-	-	-	-	-

10. Compensated Absences

The compensated absences liability which is included in the other noncurrent liabilities of the government-wide Statement of Net Position totals $5,977,177 and $5,591,500 at June 30, 2019 and 2018, respectively. The general fund is typically used to liquidate this liability when they are becomes due and payable. A summary of changes in compensated absences for the year ended June 30, 2019 is as follows:

	Beginning Balance July 1,2018	Additions	Reductions	Ending Balance June 30, 2019	Due Within One Year
Compensated Absences	$ 5,591,500	$ 4,575,002	$ (4,189,325)	$ 5,977,177	$ 2,815,345

A summary of changes in compensated absences for the year ended June 30, 2018 is as follows:

	Beginning Balance July 1,2017	Additions	Reductions	Ending Balance June 30, 2018	Due Within One Year
Compensated Absences	$ 5,151,294	$ 4,472,050	$ (4,031,844)	$ 5,591,500	$ 2,712,614

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 with a cap of 16% for some 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 lawsuits. Both plantiffs have appealed the decision. The court has consolidated both cases for appeal purposes. The BATA board has directed that the funds collected from the new RM 3 be mainatined in escrow and as such will not be recorded as revenue in BATA until litigation in the matter is resolved.

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, 2019, there are approximately $4,675,000 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. To date, there have been no significant reductions in any of MTC's insurance coverage, and 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 Excutive 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 and ABAG Publicly Owned Energy Resources, that were previously performed by ABAG staff. The consolidation of ABAG's staff and function to MTC was effective on July 1, 2017.

On November14, 2018, MTC board approved an operational advance to ABAG in the amount not to exceed $10 million to assist ABAG in its cashflows needs. The advance will be drawn by ABAG as needed and is available to ABAG until December 31, 2019, unless reauthorized in advance by MTC and ABAG. ABAG will be charged 1% fee on any drawn amounts. ABAG did not utilize the operational advance during fiscal year 2019.

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.

On November 2, 2018, BAHA sold 11,578 square feet of its 8th floor space to BAAQMD. The sale resulted in a loss of $254,989.

14. Subsequent Events

On August 1, 2019, BATA issued 2019 Series S-8 toll revenue subordinate fixed rate bonds in the amount of $203,270,000 and 2019 Series A, B, C and D toll revenue variable rate bonds in the total amount of $291,730,000. The bonds were issued to refund the 2014 Series D-1, D-2, G, 2017 Series E, and 2018 Series C bonds.

On August 27, 2019, MTC made an additional pension contribution of $6,991,519 to CalPERS to paydown its unfunded pension liability.

On August 29, 2019, BATA instructed the Trustee to give a Notice of Redemption to the the bond holder to conditionally redeem the 2014 Series S-5 bond on October 1, 2019 in the amount of $25,000,000.

On September 26, 2019, BATA issued 2019 Series F-1 toll revenue taxable fixed rate bonds in the amount of $869,195,000 and 2019 Series S-9 toll revenue subordinate taxable fixed rate bonds in the amount of $103,535,000. The bonds were issued to refund the 2012 Series F-1, a portion of the 2014 Series F-1, and a portion of the 2014 Series S-6 bonds.

Metropolitan Transportation Commission
Table of Contents
June 30, 2019 and 2018

PAGE

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, 2019 — Schedule I

	Original Budget [1]	Final Budget [1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Sales tax	$ 13,528,282	$ 13,528,282	$ 14,780,747	$ 1,252,465
Grants - Federal	144,866,168	190,588,380	49,227,115	(141,361,265)
Grants - State	6,163,210	13,574,724	3,444,519	(10,130,205)
Local agencies revenues and refunds	9,826,370	10,572,811	9,318,577	(1,254,234)
Investment income - unrestricted	40,000	40,000	785,671	745,671
TOTAL REVENUES	174,424,030	228,304,197	77,556,629	(150,747,568)
EXPENDITURES				
General government	186,593,961	254,854,394	84,438,538	170,415,856
Allocations to other agencies	29,406,175	29,421,175	15,706,738	13,714,437
Capital outlay	185,148	185,148	28,782	156,366
TOTAL EXPENDITURES	216,185,284	284,460,717	100,174,058	184,286,659
REVENUES OVER (UNDER) EXPENDITURES	(41,761,254)	(56,156,520)	(22,617,429)	33,539,091
OTHER FINANCING SOURCES (USES)				
Transfers in	38,778,044	53,125,596	22,232,978	(30,892,618)
NET CHANGE IN FUND BALANCES	(2,983,210)	(3,030,924)	(384,451)	2,646,473
Fund balances - beginning	46,412,978	46,412,978	46,412,978	-
Fund balances - ending	$ 43,429,768	$ 43,382,054	$ 46,028,527	$ 2,646,473

[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, 2019 — Schedule II

	Original Budget (1)	Final Budget (1)	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Investment income - unrestricted	$ -	$ -	$ 4,190,220	$ 4,190,220
TOTAL REVENUES	-	-	4,190,220	4,190,220
EXPENDITURES				
General government	-	-	13,163	(13,163)
Allocations to other agencies	77,995,544	93,795,544	35,749,699	58,045,845
TOTAL EXPENDITURES	77,995,544	93,795,544	35,762,862	58,032,682
REVENUES UNDER EXPENDITURES	(77,995,544)	(93,795,544)	(31,572,642)	62,222,902
OTHER FINANCING SOURCES				
Transfers in	84,293,535	84,293,535	8,248,725	(76,044,810)
TOTAL OTHER FINANCING SOURCES	84,293,535	84,293,535	8,248,725	(76,044,810)
NET CHANGE IN FUND BALANCES	6,297,991	(9,502,009)	(23,323,917)	(13,821,908)
Fund balances - beginning	15,945,180	15,945,180	15,945,180	-
Fund balances - ending	$ 22,243,171	$ 6,443,171	$ (7,378,737)	$ (13,821,908)

(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, 2019 — Schedule III

	Original Budget [1]	Final Budget [1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Grants - State	$ 235,826,941	$ 282,526,843	$283,484,414	$ 957,571
Local agencies revenues and refunds	-	-	696,719	696,719
Investment income - unrestricted	-	-	1,845,535	1,845,535
TOTAL REVENUES	235,826,941	282,526,843	286,026,668	3,499,825
EXPENDITURES				
Allocations to other agencies	313,011,390	359,711,292	262,825,306	96,885,986
TOTAL EXPENDITURES	313,011,390	359,711,292	262,825,306	96,885,986
REVENUES OVER (UNDER) EXPENDITURES	(77,184,449)	(77,184,449)	23,201,362	100,385,811
OTHER FINANCING SOURCES (USES)				
Transfers in	77,184,449	77,184,449	83,545	(77,100,904)
Transfers out	-	-	(15,644,580)	(15,644,580)
TOTAL OTHER FINANCING SOURCES (USES)	77,184,449	77,184,449	(15,561,035)	(92,745,484)
NET CHANGE IN FUND BALANCES	-	-	7,640,327	7,640,327
Fund balances - beginning	77,023,356	77,023,356	77,023,356	-
Fund balances - ending	$ 77,023,356	$ 77,023,356	$ 84,663,683	$ 7,640,327

[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, 2019 Schedule IV

	Original Budget [1]	Final Budget [1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Investment income - unrestricted	$ -	$ -	$ 938,799	$ 938,799
TOTAL REVENUES	-	-	938,799	938,799
EXPENDITURES				
General government	-	-	5,590	(5,590)
Allocations to other agencies	6,697,490	6,697,490	5,678,087	1,019,403
TOTAL EXPENDITURES	6,697,490	6,697,490	5,683,677	1,013,813
REVENUES UNDER EXPENDITURES	(6,697,490)	(6,697,490)	(4,744,878)	1,952,612
OTHER FINANCING SOURCES				
Transfers in	6,697,490	6,697,490	6,697,490	-
NET CHANGE IN FUND BALANCES	-	-	1,952,612	1,952,612
Fund balances - beginning	(94,370,773)	(94,370,773)	(94,370,773)	-
Fund balances - ending	$ (94,370,773)	$ (94,370,773)	$ (92,418,161)	$ 1,952,612

[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, 2019 — Schedule V

	Original Budget[1]	Final Budget[1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Investment income - restricted	$ -	$ -	$ 9,146,008	$ 9,146,008
TOTAL REVENUES	-	-	9,146,008	9,146,008
EXPENDITURES				
General government	-	-	4,421	(4,421)
	-	-	-	-
TOTAL EXPENDITURES	-	-	4,421	(4,421)
NET CHANGE IN FUND BALANCES	-	-	9,141,587	9,141,587
Fund balances - beginning	386,108,863	386,108,863	386,108,863	-
Fund balances - ending	$ 386,108,863	$ 386,108,863	$ 395,250,450	$ 9,141,587

[1] Budget prepared in accordance with GAAP.

See accompanying Report of Independent Auditors.

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

Schedule VI

	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	$ 6,156,743	$ 4,923,634	$ 3,969,969	$ 3,699,768	$ 3,710,617
Interest	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	(1,053,719)	(3,383,252)	(352,537)	515,758	-
Benefit payments and refunds of contribution	(6,036,425)	(5,033,718)	(4,779,280)	(4,653,536)	(4,404,877)
Net change in total pension liability	4,603,024	16,215,517	8,969,454	6,650,396	8,158,478
Total pension liability - beginning	158,377,486	142,161,969	133,192,515	126,542,119	118,383,641
Total pension liability - ending	$ 162,980,510	$ 158,377,486	$ 142,161,969	$ 133,192,515	$ 126,542,119
Plan Fiduciary Net Position					
Contributions - employer	$ 5,457,108	$ 5,196,976	$ 4,128,694	$ 3,819,020	$ 3,313,040
Contributions - member	2,537,731	2,124,545	1,848,104	1,755,442	2,310,147
Net plan to plan resource movement	(309)	-	-	-	-
Net investment income	10,586,685	12,110,384	535,476	2,304,601	15,270,089
Benefit payments and refunds of contributions	(6,036,425)	(5,033,718)	(4,779,280)	(4,653,536)	(4,404,877)
Administrative expenses	(189,652)	(158,667)	(64,478)	(119,062)	-
Other miscellaneous income/(expense)[2]	(360,152)	-	-	-	-
Net change in plan fiduciary net position	11,994,986	14,239,520	1,668,516	3,106,465	16,488,399
Plan Fiduciary Net Position - beginning	121,706,196	107,466,676	105,798,160	102,691,695	86,203,296
Plan Fiduciary Net Position - ending	$ 133,701,182	$ 121,706,196	$ 107,466,676	$ 105,798,160	$ 102,691,695
Net Pension Liability - ending	$ 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	82.04%	76.85%	75.59%	79.43%	81.15%
Covered Payroll[1]	33,455,049	27,722,133	23,713,316	22,111,218	20,191,937
Plan Net Pension Liability as a Percentage of Covered Payroll[1]	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 Statements No. 67, No. 68, and No. 73.*

[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 five years' data is available.

Metropolitan Transportation Commission
Schedule of Employer Contributions - Pension (unaudited)
As of June 30, 2019
Last Ten Years
Schedule VII

Fiscal Year	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	$ 6,066,260	$ 5,457,084	$ 5,198,407	$ 4,128,694	$ 3,819,020	$ 3,311,675	$ 3,103,791	$ 2,892,933	$ 2,281,381	$ 2,214,238
Contributions in relation to the actuarially determined contribution	(15,296,084)	(5,457,084)	(5,198,407)	(4,128,694)	(3,819,020)	(3,311,675)	(3,103,791)	(2,892,933)	(2,281,381)	(2,214,238)
Contribution deficiency (excess)	(9,229,824) [1]	-	-	-	-	-	-	-	-	-
Covered payroll	$ 34,846,017	$ 33,455,049	$ 27,722,133	$ 23,713,316	$ 22,111,218	$ 20,191,937	$ 18,966,022	$ 17,799,482	$ 17,417,779	$ 17,011,660
Actual contributions as a percentage of covered payroll	43.90%	16.31%	18.75%	17.41%	17.27%	16.40%	16.36%	16.25%	13.10%	13.02%

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

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year 2017-18 were derived from the June 30, 2015 funding valuation report.

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method / Period	For details, see June 30, 2015 Funding Valuation Report.
Asset Valuation Method	Market Value of Assets. For details, see June 30, 2015 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes inflation.
Retirement Age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

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

Schedule VIII

	2018*	2017*
Total OPEB liability		
Service Cost	$ 2,608,053	$ 2,495,744
Interest on the total OPEB liability	1,718,583	1,574,575
Changes of benefit terms	-	-
Difference between actual and expected experience	-	-
Changes of assumptions	-	-
Benefit payments	(1,026,974)	(937,878)
Administrative expense	-	-
Net change in total OPEB liability	3,299,662	3,132,441
Total OPEB liability - beginning	36,096,169	32,963,728
Total OPEB liability - ending (a)	$ 39,395,831	$ 36,096,169
OPEB Fiduciary Net Position		
Benefit payments	$ (1,026,974)	$ (937,878)
Contribution from employer	4,196,184	3,961,391
Net investment income	(151,961)	(70,798)
Administrative expense	(57,409)	(52,142)
Net change in plan fiduciary net position	2,959,840	2,900,573
Plan fiduciary net position - beginning	28,944,010	26,043,437
Plan fiduciary net position - ending (b)	31,903,850	28,944,010
Plan net OPEB liability - ending (a) - (b)	$ 7,491,981	$ 7,152,159
Plan fiduciary net position as a percentage of the total OPEB liability	80.98%	80.19%
Covered-employee payroll	$ 34,954,872	$ 28,784,959
Plan net OPEB liability of as a percentage of covered-employee payroll	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.

Metropolitan Transportation Commission
Schedule of Employer Contributions - OPEB (unaudited)
For the Year Ended June 30, 2019
Last Ten Fiscal Years — Schedule IX

	2019*	2018*
Actuarially determined contribution[1]	$ 3,295,593	$ 3,152,650
Contributions in relation to the actuarially determined contribution	(11,295,593)	(3,152,650)
Contribution deficiency (excess)	(8,000,000) [2]	-
Covered-employee payroll	$ 36,884,523	$ 34,954,872
Contribution as a percentage of covered-employee payroll[1]	30.62%	9.02%

[1] The July 1, 2017 actuarial valuation provided the Actuarially Determined Contributions for fiscal years ending 6/30/18 and 6/30/19.

[2] Additional payment above the Actuarially Determined Contribution to paydown the Unfunded OPEB Liaiblity.

Notes to Schedule:

Actuarially determined contribution rates are calculated as of July 1, 2018, one year 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 Cost Method
Amortization method	Level percentage of payroll, open
Amortization period	20 years
Asset valuation method	Investment gains and losses spread over a period of five years
Inflation	2.50 percent
Healthcare cost trend rates	Pre-Medicare - 6.25% for 2019 decreasing to 5.50% for 2021 and later
	Medicare - 6.00% for 2019 decreasing to 5.25% for 2021 and later
Investment rate of return	4.50 percent
Retirement age	50 with 5 years of service with MTC
Mortality	Mortality rates were based on the current mortality rates from the 2014 CalPERS experience report and includes a projection to 2028 using scale BB.

* 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, 2019

Schedule 1

	Transit Reserves	Exchange	Feeder Bus	Prop 1B Fund	Total Non-Major Governmental Funds
ASSETS					
Cash - unrestricted	$ 25,534,596	$ 32,756,697	$ 175,325	$ 83,965	$ 58,550,583
Investment - unrestricted	31,209,355	-	-	-	31,209,355
Receivables					
Interest	113,398	-	-	-	113,398
TOTAL ASSETS	$ 56,857,349	$ 32,756,697	$ 175,325	$ 83,965	$ 89,873,336
LIABILITIES					
Accounts payable and accrued expenditures	$ 3,400,054	$ 230,569	$ 175,325	$ -	$ 3,805,948
Due to other funds	295,882	738,046	-	-	1,033,928
TOTAL LIABILITIES	3,695,936	968,615	175,325	-	4,839,876
DEFERRED INFLOWS OF RESOURCES					
Deferred revenues	38,088,729	-	-	-	38,088,729
TOTAL DEFERRED INFLOWS OF RESOURCES	38,088,729	-	-	-	38,088,729
FUND BALANCES					
Nonspendable					
Restricted for:					
Transportation projects	15,072,684	-	-	83,965	15,156,649
Committed to:					
Transportation projects	-	31,788,082	-	-	31,788,082
TOTAL FUND BALANCES	15,072,684	31,788,082	-	83,965	46,944,731
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 56,857,349	$ 32,756,697	$ 175,325	$ 83,965	$ 89,873,336

Metropolitan Transportation Commission
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds
For the Year Ended June 30, 2019

Schedule 2

	Transit Reserves	Exchange	Feeder Bus	Prop 1B Fund	Total Non-Major Governmental Funds
REVENUES					
Grants - State	$ 3,308,186	$ -	$ -	$ -	$ 3,308,186
Local agencies revenues and refunds	-	8,000,000	-	-	8,000,000
Investment income - unrestricted	1,269,309	724,763	3,906	3,704	2,001,682
TOTAL REVENUES	4,577,495	8,724,763	3,906	3,704	13,309,868
Expenditures					
Current:					
General government	-	10,230,569	-	-	10,230,569
Allocations to other agencies	3,400,054	-	175,325	-	3,575,379
Capital outlay	-	19,000	-	-	19,000
TOTAL EXPENDITURES	3,400,054	10,249,569	175,325	-	13,824,948
EXCESS/(DEFICIENCY) OF REVENUES OVER/ (UNDER) EXPENDITURES	1,177,441	(1,524,806)	(171,419)	3,704	(515,080)
OTHER FINANCING SOURCES (USES)					
Transfers in	1,944,408	-	-	-	1,944,408
Transfers out	(778,128)	(738,046)	-	(118,585)	(1,634,759)
TOTAL OTHER FINANCING SOURCES	1,166,280	(738,046)	-	(118,585)	309,649
NET CHANGE IN FUND BALANCES	2,343,721	(2,262,852)	(171,419)	(114,881)	(205,431)
Fund balances - beginning	12,728,963	34,050,934	171,419	198,846	47,150,162
Fund balances - ending	$ 15,072,684	$ 31,788,082	$ -	$ 83,965	$ 46,944,731

Metropolitan Transportation Commission
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Transit Reserves Fund
For the Year Ended June 30, 2019 — Schedule 3

	Original Budget[1]	Final Budget[1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Grants - State	$ 3,581,607	$ 3,581,607	$ 3,308,186	$ (273,421)
Investment income - unrestricted	-	-	1,269,309	1,269,309
TOTAL REVENUES	3,581,607	3,581,607	4,577,495	995,888
EXPENDITURES				
Allocations to other agencies	24,178,560	24,178,559	3,400,054	20,778,505
TOTAL EXPENDITURES	24,178,560	24,178,559	3,400,054	20,778,505
REVENUES UNDER EXPENDITURES	(20,596,953)	(20,596,952)	1,177,441	21,774,393
OTHER FINANCING SOURCES (USES)				
Transfers in	20,596,953	20,596,952	1,944,408	(18,652,544)
Transfers out	-	-	(778,128)	(778,128)
TOTAL OTHER FINANCING SOURCES	20,596,953	20,596,952	1,166,280	(19,430,672)
NET CHANGE IN FUND BALANCES	-	-	2,343,721	2,343,721
Fund balances - beginning	12,728,963	12,728,963	12,728,963	-
Fund balances - ending	$ 12,728,963	$ 12,728,963	$ 15,072,684	$ 2,343,721

[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, 2019 Schedule 4

	Original Budget[1]	Final Budget[1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Local agencies revenues and refunds	$ 4,000,000	$ 8,000,000	$ 8,000,000	$ -
Investment income - unrestricted	-	-	724,763	724,763
TOTAL REVENUES	4,000,000	8,000,000	8,724,763	724,763
EXPENDITURES				
General government	-	11,940,615	10,230,569	1,710,046
Capital outlay	-	-	19,000	(19,000)
TOTAL EXPENDITURES	-	11,940,615	10,249,569	1,691,046
REVENUES OVER (UNDER) EXPENDITURES	4,000,000	(3,940,615)	(1,524,806)	2,415,809
OTHER FINANCING (USES)				
Transfers out	-	-	(738,046)	(738,046)
TOTAL OTHER FINANCING USES	-	-	(738,046)	(738,046)
NET CHANGE IN FUND BALANCES	4,000,000	(3,940,615)	(2,262,852)	1,677,763
Fund balances - beginning	34,050,934	34,050,934	34,050,934	-
Fund balances - ending	$ 38,050,934	$ 30,110,319	$ 31,788,082	$ 1,677,763

[1] Budget prepared in accordance with GAAP.

Metropolitan Transportation Commission

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Feeder Bus Fund

For the Year Ended June 30, 2019 — Schedule 5

	Original Budget[1]	Final Budget[1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Investment income - unrestricted	$ -	$ -	$ 3,906	$ 3,906
TOTAL REVENUES	-	-	3,906	3,906
EXPENDITURES				
Allocations to other agencies	-	-	175,325	(175,325)
TOTAL EXPENDITURES	-	-	175,325	(175,325)
NET CHANGE IN FUND BALANCES	-	-	(171,419)	(171,419)
Fund balances - beginning	171,419	171,419	171,419	-
Fund balances - ending	$ 171,419	$ 171,419	$ -	$ (171,419)

[1] Budget prepared in accordance with GAAP.

Metropolitan Transportation Commission
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Prop 1B Fund
For the Year Ended June 30, 2019 — Schedule 6

	Original Budget[1]	Final Budget[1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Investment income - unrestricted	$ -	$ -	$ 3,704	$ 3,704
TOTAL REVENUES	-	-	3,704	3,704
EXPENDITURES				
General government	198,846	198,846	-	198,846
TOTAL EXPENDITURES	198,846	198,846	-	198,846
REVENUES UNDER EXPENDITURES	(198,846)	(198,846)	3,704	202,550
OTHER FINANCING (USES)				
Transfers out	-	-	(118,585)	(118,585)
TOTAL OTHER FINANCING SOURCES	-	-	(118,585)	(118,585)
NET CHANGE IN FUND BALANCES	(198,846)	(198,846)	(114,881)	83,965
Fund balances - beginning	198,846	198,846	198,846	-
Fund balances - ending	$ -	$ -	$ 83,965	$ 83,965

[1] Budget prepared in accordance with GAAP.

Metropolitan Transportation Commission
Schedule of Expenditures by Natural Classification
For the Year Ended June 30, 2019 — Schedule 7

Expenditures by natural classification	
Salaries & benefits	$ 44,564,258
Travel	171,695
Professional fees	35,054,947
Overhead	4,232,297
Printing & reproduction	11,934
Other	403,407
Reported as general government expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds[1]	$ 84,438,538
Salaries & benefits - MTC Governmental	$ 44,564,258
Salaries & benefits - MTC Clipper®	2,714,548
Salaries & benefits - BATA	10,933,991
Salaries & benefits - SAFE	806,540
Salaries & benefits - BAHA	489,944
Salaries & benefits - BAIFA	693,182
Total salaries & benefits	$ 60,202,463
Indirect Cost - MTC Governmental	$ 4,232,297
Indirect Cost - MTC Clipper®	1,431,409
Indirect Cost - SAFE	425,611
Indirect Cost - BAHA	258,544
Indirect Cost - BAIFA	365,792
Total Indirect Cost	$ 6,713,653
[1]General government expenditures - by Fund	
General Fund	$ 84,438,538
Total general government expenditures	$ 84,438,538

Metropolitan Transportation Commission
Schedule of Overhead, Salaries and Benefits Expenditures - Governmental Funds
For the Year Ended June 30, 2019 — Schedule 8

	Direct Costs*	Allowable Indirect Costs	Unallowable Costs	Total
Salaries	$ 22,145,669	$ 8,271,961	$ -	$ 30,417,630
Benefits	17,787,613	6,222,919	5,774,301	29,784,833
Total salaries and benefits	$ 39,933,282	$ 14,494,880	$ 5,774,301	$ 60,202,463
Reimbursable overhead:**				
Agency temps		$ 293,371	$ -	$ 293,371
Training		174,498	81,016	255,514
Personnel recruitment		95,377	-	95,377
Public hearing		508	-	508
Advertising		97,347	-	97,347
Communications		110,330	-	110,330
Utilities		5,493	-	5,493
Meeting room rental		25,364	4,138	29,502
Parking		24,704	-	24,704
Storage rental		38,977	-	38,977
Computer maintenance & repair		87,224	-	87,224
Auto expense		42,199	-	42,199
General maintenance & janitorial		16,548	2,079	18,627
Office supplies		157,775	-	157,775
Printing & graphics supplies		24,419	-	24,419
Computer supplies		55,843	-	55,843
Computer software		1,524,876	-	1,524,876
Computer hardware		111,514	-	111,514
Postage & mailing		28,456	-	28,456
Memberships		39,653	55,263	94,916
Library acquisitions & subscriptions		63,834	-	63,834
Law library		22,140	-	22,140
Hosted services		651,330	-	651,330
Advisory member stipend		16,950	92,200	109,150
Audit fees		478,076	-	478,076
Newswire service		14,797	-	14,797
Insurance		247,521	-	247,521
Other		95,361	122,544	217,905
Miscellaneous		-	37,509	37,509
Travel		23,803	233,655	257,458
Professional fees		739,634	-	739,634
Building maintenance		777,324	-	777,324
Subtotal indirect costs		6,085,246	628,404	6,713,650
Carry forward provision for fiscal June 30, 2017		1,080,090	-	1,080,090
Depreciation expense		199,371	4,928	204,299
Total indirect costs including depreciation expense		$ 7,364,707	$ 633,332	$ 7,998,039
Indirect costs recovered***		$ 21,071,735		
Indirect (over)/under absorbed		$ 787,852		

*Direct costs include MTC, BATA, SAFE, BAHA, and BAIFA salaries and benefits per Indirect Cost Plan for fiscal year 2019.

** Overhead distributed to MTC, BATA, SAFE, BAHA, and BAIFA per Indirect Cost Plan for fiscal year 2019.

*** Indirect costs recovered at 52.77% per Indirect Cost Plan for fiscal year 2019.

Metropolitan Transportation Commission
Schedule of Expenditures - Federal Highway Administration Grant
FY2019 OWPMTC
For the Year Ended June 30, 2019 — Schedule 9

		Total
Authorized Expenditures		
Federal		$ 8,241,504
Total authorized expenditures		8,241,504
Actual Expenditures *		
Program No.	*Program Name*	
MTC		
1112	Public Information Program	2,536,405
1113	Support Partnership Board	250,000
1114	Support Advisory Committees	1,000
1121	Develop/Produce the 2001 RTP	600,000
1122	Dev/Anlyz Travel Models & Data	1,002,974
1125	Non-Motorized Transportation	30,000
1127	Active Transportation Planning	100,000
1128	Resilience and Hazard	1,000
1129	Reg Research & Econ Analysis	950,000
1156	Library Services	120,000
1212	Dev MTS Performance Measures	5,000
1412	Air Quality Conformity	50,000
1511	Conduct Fin Analy of RTP/Plng	200,000
1512	Implement Federal Transp Legisln	800,000
1615	Connecting Hoursing & Transportation	921,393
Total Expenditures		7,567,772
Balance of Federal Highway Administration Grant		$ 673,732

*Toll credit match rate (11.47%)

Number of Axles Per Vehicle	2018		2019	
2 axles	$ 5.00	*	$ 6.00	**
3 axles	15.00		16.00	
4 axles	20.00		21.00	
5 axles	25.00		26.00	
6 axles	30.00		31.00	
7 axles or more	35.00		36.00	

* During peak hours on all bridges, a reduced-rate toll of $2.50 is collected on high-occupancy and inherently-low-emission two-axle vehicles. On the San Francisco-Oakland Bay Bridge, a weekday toll of $6.00 is collected on all other two-axle vehicles during peak hours, and a weekday toll of $4.00 is collected on all two-axle vehicles during non-peak hours.

** 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. On the San Francisco-Oakland Bay Bridge, a weekday toll of $7.00 is collected on all other two-axle vehicles during peak hours, and a weekday toll of $5.00 is collected on all two-axle vehicles during non-peak hours.

Metropolitan Transportation Commission
Schedule of Computations Demonstrating
Bond Covenant Compliance - BATA Proprietary Fund
For the Year Ended June 30, 2019 — Schedule 11

	2019
Revenues	
Toll revenues collected	$ 724,914,020
Investment income	65,777,670
Other operating revenues	26,649,053
Revenues subtotal	817,340,743
Build America Bonds (BABs) interest subsidy	71,738,161
Derivative investment income (charge)	(131,370,314)
Total revenues	757,708,590
Operating expenses	
Operating expenses incurred by Caltrans	26,606,401
Services and charges - BATA	67,312,513
Transbay Terminal JPA operations	5,026,046
Total operating expenses before depreciation and amortization	98,944,960
Depreciation and amortization	8,132,738
Total operating expenses	107,077,698
Net operating income	650,630,892
Nonoperating expenses (revenues)	
Interest expense	451,812,293
Financing fees and bond issuance costs	9,822,336
Other nonoperating expenses	397,979
Caltrans/other agency operating grants	(9,291,780)
Other nonoperating revenues	(9,842,361)
Refund of contribution from BAHA and BAIFA	(6,815,000)
Total nonoperating expenses	436,083,467
Income before operating transfers	214,547,425
Operating transfers	
MTC / CLIPPER administrative & operating transfers	14,327,903
MTC transit transfers:	
AB 664 expenses	8,248,725
90% rail expenses	6,697,490
2% transit expenses	1,944,408
Allocations to other agencies (RM2)	46,452,221
Total operating transfers	77,670,747
Net income before capital transfers	136,876,678
Capital project expenses (revenues)	
Capital expenses	20,877,569
Distribution to Caltrans for their capital purposes	103,746,197
Distributions to other agencies for their capital purposes	146,573,332
Distributions to MTC	4,444,545
Transfer from SAFE	(3,000,000)
Total capital project expenses	272,641,643
Change in net position	(135,764,965)
Total net position - beginning	(6,717,488,562)
Total net position - ending	$ (6,853,253,527)

Metropolitan Transportation Commission
Schedule of Computations Demonstrating
Bond Covenant Compliance - BATA Proprietary Fund *continued*
For the Year Ended June 30, 2019 — Schedule 11

		2019
Senior Bond - Debt Service Covenant		
Net revenue[1]	$	790,734,342
Debt service[2]		267,246,281
Debt service coverage[4]		2.96
Debt service coverage - bond covenant requirement		1.20
Net revenue[1] plus operations & maintenance reserve	$	965,734,342
Fixed charges[5], operating transfer and costs[7]		333,052,451
Fixed charges coverage		2.90
Fixed charges coverage - bond covenant requirement		1.25
Combined Bonds - Debt Service Covenant		
Net revenue[1]	$	790,734,342
Debt service[3,10], operating transfer and costs[7,11]		521,525,174
Sum sufficient coverage		1.52
Sum sufficient coverage - bond covenant requirement		1.00
Net revenue[1,6]	$	730,776,073
Debt service[3]		443,959,132
Subordinate debt service coverage		1.65
Subordinate debt service coverage - bond covenant requirement		1.20
Self insurance reserve - Caltrans Cooperative Agreement[9]	$	50,000,000
Operations & maintenance reserve[8,9]		175,000,000
Rehabilitation reserve[9]		210,000,000
Project/self insurance reserve & variable rate risk reserve[9]	$	565,000,000

[1] Revenues subtotal less Caltrans operating expenses.

[2] Senior debt service expense less BABs interest subsidy on senior bonds plus principal retirement of $53,280,000.

[3] Total debt service expense less BABs interest subsidy plus principal retirement of $63,885,000.

[4] Based on debt outstanding from May 24, 2001 to February 26, 2019.

[5] Fixed charges comprise debt service.

[6] Net revenues less Maintenance A transfer and net of BATA service charges against other agency operating grants.

[7] Operating transfer and costs include RM 2 operating costs less amortization of Transit Transfer to MTC (Transit Transfer obligation for the next 42 years was fulfilled in early September 2010).

[8] Minimum required operation & maintenance reserve is $59 million, but currently maintained at $175 million.

[9] Designated reserves through BATA resolution.

[10] Debt service includes Maintenance A transfer.

[11] Financing costs.

Metropolitan Transportation Commission

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

For the Year Ended June 30, 2019 — Schedule 12

	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	$ 125,716,697	$ 117,814,910	$ 17,879,738	$ 78,024,008	$ 223,035,517	$ 101,867,795	$ 60,575,355	$ 724,914,020 *
Other operating revenues	4,425,594	4,695,020	575,353	3,078,832	8,773,799	3,273,190	1,827,265	26,649,053
Total operating revenues	130,142,291	122,509,930	18,455,091	81,102,840	231,809,316	105,140,985	62,402,620	751,563,073
Operating expenses								
Operating expenditures-by Caltrans & Transbay JPA	4,422,333	3,954,060	1,740,314	2,594,224	12,833,022	3,553,404	2,535,090	31,632,447
Services and charges	15,294,180	14,332,881	2,175,176	9,492,082	27,133,591	12,392,820	7,369,352	88,190,082
Allocations to other agencies	8,055,879	7,549,536	1,145,727	4,999,749	14,292,033	6,527,650	3,881,647	46,452,221
Depreciation	1,410,403	1,321,754	200,591	875,343	2,502,213	1,142,845	679,589	8,132,738
Total operating expenses	29,182,795	27,158,231	5,261,808	17,961,398	56,760,859	23,616,719	14,465,678	174,407,488
Operating income	$ 100,959,496	$ 95,351,699	$ 13,193,283	$ 63,141,442	$ 175,048,457	$ 81,524,266	$ 47,936,942	$ 577,155,585
*Toll revenues by Program								
Regional Measure 1 (RM 1)	27,972,070	25,413,802	4,029,912	16,759,564	49,005,515	22,239,354	12,858,601	158,278,818
Regional Measure 2 (RM 2)	21,311,654	20,792,882	2,911,653	13,950,893	41,454,009	17,903,574	10,998,695	129,323,360
Seismic Program	76,432,973	71,608,226	10,938,173	47,313,551	132,575,993	61,724,867	36,718,059	437,311,842
Total toll revenues	$ 125,716,697	$ 117,814,910	$ 17,879,738	$ 78,024,008	$ 223,035,517	$ 101,867,795	$ 60,575,355	$ 724,914,020

Metropolitan Transportation Commission
Combining Statement of Changes in Assets and Liabilities by Participant - Agency Funds
For the Year Ended June 30, 2019 — Schedule 13

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
County of Alameda				
Assets				
Cash and investments	$ 22,808,233	$ 98,357,844	$ 93,149,907	$ 28,016,170
Interest receivables	50,000	102,901	50,000	102,901
Total Assets	$ 22,858,233	$ 98,460,745	$ 93,199,907	$ 28,119,071
Liabilities				
Accounts payable and accrued liabilities	$ 1,224,133	$ 94,197,582	$ 93,134,147	$ 2,287,568
Due to other governments	21,634,100	4,263,163	65,760	25,831,503
Total Liabilities	$ 22,858,233	$ 98,460,745	$ 93,199,907	$ 28,119,071
County of Contra Costa				
Assets				
Cash and investments	$ 19,557,226	$ 47,768,346	$ 43,416,610	$ 23,908,962
Total Assets	$ 19,557,226	$ 47,768,346	$ 43,416,610	$ 23,908,962
Liabilities				
Accounts payable and accrued liabilities	$ 1,070,914	$ 41,091,382	$ 41,787,024	$ 375,272
Due to other governments	18,486,312	6,676,964	1,629,586	23,533,690
Total Liabilities	$ 19,557,226	$ 47,768,346	$ 43,416,610	$ 23,908,962
County of Marin				
Assets				
Cash and investments	$ 844,918	$ 14,085,087	$ 13,460,255	$ 1,469,750
Interest receivables	-	13,235	-	13,235
Total Assets	$ 844,918	$ 14,098,322	$ 13,460,255	$ 1,482,985
Liabilities				
Accounts payable and accrued liabilities	$ 28,480	$ 13,056,466	$ 12,897,934	$ 187,012
Due to other governments	816,438	1,041,856	562,321	1,295,973
Total Liabilities	$ 844,918	$ 14,098,322	$ 13,460,255	$ 1,482,985
County of Napa				
Assets				
Cash and investments	$ 5,988,299	$ 11,261,212	$ 11,571,230	$ 5,678,281
Total Assets	$ 5,988,299	$ 11,261,212	$ 11,571,230	$ 5,678,281
Liabilities				
Accounts payable and accrued liabilities	$ 56,619	$ 11,419,408	$ 11,247,640	$ 228,387
Due to other governments	5,931,680	(158,196)	323,590	5,449,894
Total Liabilities	$ 5,988,299	$ 11,261,212	$ 11,571,230	$ 5,678,281

Metropolitan Transportation Commission
Combining Statement of Changes in Assets and Liabilities by Participant - Agency Funds, *continued*
For the Year Ended June 30, 2019 — Schedule 13

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
County of San Francisco				
Assets				
Cash and investments	$ 1,309,135	$ 55,236,483	$ 50,872,100	$ 5,673,518
Interest receivables	30,000	44,142	30,000	44,142
Total Assets	$ 1,339,135	$ 55,280,625	$ 50,902,100	$ 5,717,660
Liabilities				
Accounts payable and accrued liabilities	$ 181,846	$ 46,856,600	$ 46,456,461	$ 581,985
Due to other governments	1,157,289	8,424,025	4,445,639	5,135,675
Total Liabilities	$ 1,339,135	$ 55,280,625	$ 50,902,100	$ 5,717,660
County of San Mateo				
Assets				
Cash and investments	$ 8,439,147	$ 46,327,816	$ 44,376,216	$ 10,390,747
Interest receivables	-	140,078	-	140,078
Total Assets	$ 8,439,147	$ 46,467,894	$ 44,376,216	$ 10,530,825
Liabilities				
Accounts payable and accrued liabilities	$ 365,277	$ 42,230,490	$ 42,595,767	$ -
Due to other governments	8,073,870	4,237,404	1,780,449	10,530,825
Total Liabilities	$ 8,439,147	$ 46,467,894	$ 44,376,216	$ 10,530,825
County of Santa Clara				
Assets				
Cash and investments	$ 7,490,245	$ 124,468,337	$ 115,703,179	$ 16,255,403
Interest receivables	-	53,167	-	53,167
Total Assets	$ 7,490,245	$ 124,521,504	$ 115,703,179	$ 16,308,570
Liabilities				
Accounts payable and accrued liabilities	$ 735,361	$ 113,406,645	$ 105,818,078	$ 8,323,928
Due to other governments	6,754,884	11,114,859	9,885,101	7,984,642
Total Liabilities	$ 7,490,245	$ 124,521,504	$ 115,703,179	$ 16,308,570
County of Solano				
Assets				
Cash and investments	$ 28,457,216	$ 24,709,418	$ 24,856,840	$ 28,309,794
Total Assets	$ 28,457,216	$ 24,709,418	$ 24,856,840	$ 28,309,794
Liabilities				
Accounts payable and accrued liabilities	$ 743,978	$ 28,547,638	$ 27,186,181	$ 2,105,435
Due to other governments	27,713,238	(3,838,220)	(2,329,341)	26,204,359
Total Liabilities	$ 28,457,216	$ 24,709,418	$ 24,856,840	$ 28,309,794

Metropolitan Transportation Commission
Combining Statement of Changes in Assets and Liabilities by Participant - Agency Funds, *continued*
For the Year Ended June 30, 2019 — Schedule 13

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
County of Sonoma				
Assets				
Cash and investments	$ 8,968,998	$ 28,084,308	$ 24,708,127	$ 12,345,179
Total Assets	$ 8,968,998	$ 28,084,308	$ 24,708,127	$ 12,345,179
Liabilities				
Accounts payable and accrued liabilities	$ 229,322	$ 23,190,249	$ 22,868,565	$ 551,006
Due to other governments	8,739,676	4,894,059	1,839,562	11,794,173
Total Liabilities	$ 8,968,998	$ 28,084,308	$ 24,708,127	$ 12,345,179
AB1107				
Assets				
Cash	$ 6,472,715	$ 100,766,616	$ 107,239,331	$ -
Total Assets	$ 6,472,715	$ 100,766,616	$ 107,239,331	$ -
Liabilities				
Accounts payable and accrued liabilities	$ 6,472,715	$ 100,766,616	$ 107,239,331	$ -
Total Liabilities	$ 6,472,715	$ 100,766,616	$ 107,239,331	$ -
Clipper®				
Assets				
Cash	$ 102,366,471	$ 452,030,273	$ 431,358,176	$ 123,038,568
Accounts receivable	8,897,603	1,094,752,532	1,096,789,663	6,860,472
Total Assets	$ 111,264,074	$ 1,546,782,805	$1,528,147,839	$ 129,899,040
Liabilities				
Accounts payable and accrued liabilities	$ 111,264,074	$ 878,345,319	$ 859,710,353	$ 129,899,040
Total Liabilities	$ 111,264,074	$ 878,345,319	$ 859,710,353	$ 129,899,040
Total - All Agency Funds				
Assets				
Cash and investments	212,702,603	$ 1,003,095,740	$ 960,711,971	$ 255,086,372
Interest receivable	80,000	353,523	80,000	353,523
Accounts receivable	8,897,603	1,094,752,532	1,096,789,663	6,860,472
Total Assets	$ 221,680,206	$ 2,098,201,795	$2,057,581,634	$ 262,300,367
Liabilities				
Accounts payable and accrued liabilities	$ 122,372,719	$ 1,393,108,395	$1,370,941,481	$ 144,539,633
Due to other governments	99,307,487	36,655,914	18,202,667	117,760,734
Total Liabilities	$ 221,680,206	$ 1,429,764,309	$1,389,144,148	$ 262,300,367

Metropolitan Transportation Commission
Statement of Cash Collections and Disbursements - Agency Fund
Clipper® Program
For the Year Ended June 30, 2019 — Schedule 14

Cash Collections		
Autoload and remote add value	$	262,332,441
Third party		182,312,520
Other receipts		7,385,312
Total Cash Collections		452,030,273
Cash Disbursements		
Disbursements to operator		411,036,945
Patron refunds		8,815,325
Other disbursements		11,505,906
Total Cash Disbursements		431,358,176
Net Increase in Cash		20,672,097
Cash - beginning balance		102,366,471
Cash - ending balance	$	123,038,568

Metropolitan Transportation Commission
Schedule of Interest Rate Swaps Summary-BATA Proprietary Fund
For the Year Ended June 30, 2019 Schedule 15

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%	BBB+/A3
Total swap notional	$ 150,000,000	$ 685,000,000	$ 605,000,000	$ 1,440,000,000		
Fair value	$ (42,611,100)	$ (213,332,033)	$ (187,165,547)	$ (443,108,680)		

Metropolitan Transportation Commission
Schedule of Interest Rate Swaps for Series 2001 - BATA Proprietary Fund
For the Year Ended June 30, 2019 — Schedule 16

	Series 2001 A	Series 2001 A	Total
Notional amount	$75,000,000	$75,000,000	$150,000,000
Trade date	1/22/2014[4]	6/26/2015[6]	
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%[5]	3.29%	
Counterparty (CP)	Morgan Stanley Capital Services LLC	Wells Fargo Bank, N.A.	
S&P/Moody's ratings	BBB+/A3	A+/Aa2	
Ratings outlook	Stable/Stable	Stable/Stable	
Fair value due from/ (to) CP[1]	$(24,863,340)	$(17,747,760)	$(42,611,100)
Credit risk			
CP Collateral Posting[2]			
1a) CP = "A-", "A", or "A+" (S&P)	No	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)	Yes	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.

(4) Amended and restated on 1/22/14. Original trade date was 01/10/2002.

(5) Fixed rate of 3.34% effective from 01/01/2014 through 12/31/2016. Fixed rate changed to 4.09% effective from 01/01/2017 through maturity.

(6) Amended and restated on 06/26/2015. Original trade date was 05/20/2011.

Metropolitan Transportation Commission
Schedule of Interest Rate Swaps for Series 2006 - BATA Proprietary Fund
For the Year Ended June 30, 2019 Schedule 17

	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[4]	3/20/2012 [5]	5/25/2006[6]	3/20/2012	8/28/2008	6/26/2015[7]	
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	Stable/Stable	Stable/Stable	Stable/Stable	Stable/Stable	Stable/No outlook provided	Stable/Stable	
Fair value due from/ (to) CP[1]	$(91,747,185)	$(31,221,724)	$(10,226,019)	$(29,864,401)	$(20,527,527)	$(29,745,177)	$(213,332,033)
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.

(4) Amended and restated on 04/01/2011. Original trade date was 11/15/2005.

(5) Amended and restated for novation. Original trade date was 11/15/2005.

(6) Amended and restated on 05/25/2006. Original trade date was 11/15/2005.

(7)Amended and restated on 06/26/2015. Original trade date was 09/02/2008.

Metropolitan Transportation Commission
Schedule of Interest Rate Swaps for Series 2007 - BATA Proprietary Fund
For the Year Ended June 30, 2019 — Schedule 18

	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[4]	5/25/2006[5]	8/28/2008	9/2/2008	6/26/2015[6]	
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	Stable/Stable	Stable/No outlook provided	Stable/Stable	Stable/Stable	
Fair value due from/(to) CP[1]	$(73,528,570)	$(17,703,056)	$(30,228,118)	$(60,455,573)	$(5,250,230)	$ (187,165,547)
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.

[4] Amended and restated on 1/2/2009. Original trade date was 11/30/2005.

[5] Amended and restated on 5/25/2006. Original trade date was 11/30/2005.

[6] Amended and restated on 6/26/2015. Original trade date was 9/2/2008.

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									
	2010*	2011*	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	$ 7,936	$ 7,277	$ 6,712	$ 6,134	$ 5,737	$ 5,080	$ 5,072	$ 364	$ 358	$ 279
Restricted	467,544	332,378	406,868	376,343	372,455	392,812	471,623	489,425	528,724	529,377
Unrestricted	(21,259)	(6,534)	(3,388)	23,983	28,005	33,891	(24,215)	(72,160)	(70,871)	(70,716)
Total governmental activities net position	454,221	333,121	410,192	406,460	406,197	431,783	452,480	417,629	458,211	458,940
Business-type activities										
Net investment in capital assets	$ 18,199	$ 17,825	$ 19,192	$ 23,112	$ 27,033	$ 28,516	$ 56,525	$ 78,054	$ 89,436	$ 118,195
Restricted	200,000	200,000	200,000	200,000	200,000	200,000	203,559	200,266	201,343	229,454
Unrestricted	(4,014,079)	(4,744,006)	(5,329,066)	(5,585,985)	(6,076,858)	(6,601,447)	(6,891,081)	(6,888,421)	(6,969,616)	(7,163,479)
Total business-type activities net position	(3,795,880)	(4,526,181)	(5,109,874)	(5,362,873)	(5,849,825)	(6,372,931)	(6,630,997)	(6,610,101)	(6,678,837)	(6,815,830)
Total primary government										
Net investment in capital assets	$ 26,135	$ 25,102	$ 25,904	$ 29,246	$ 32,770	$ 33,596	$ 61,597	$ 78,418	$ 89,794	$ 118,474
Restricted	667,544	532,378	606,868	576,343	572,455	592,812	675,182	689,691	730,067	758,831
Unrestricted	(4,035,338)	(4,750,540)	(5,332,454)	(5,562,002)	(6,048,853)	(6,567,556)	(6,915,296)	(6,960,581)	(7,040,487)	(7,234,195)
Total primary government net position	$ (3,341,659)	$ (4,193,060)	$ (4,699,682)	$ (4,956,413)	$ (5,443,628)	$ (5,941,148)	$ (6,178,517)	$ (6,192,472)	$ (6,220,626)	$ (6,356,890)

*Fiscal years 2010 and 2011 have been revised in accordance with the implementation guidance in GASB Statement No. 62, *Codifications of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

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

Table 2

	FISCAL YEAR									
	2010*	2011*	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	$ 97,260	$ 78,611	$ 77,165	$ 69,123	$ 78,763	$ 81,168	$ 77,038	$ 103,883	$ 87,487	$ 104,246
Transportation	54,852	149,092	124,269	210,916	237,098	195,039	156,045	204,294	192,139	307,829
Total governmental activities expenses	152,112	227,703	201,434	280,039	315,861	276,207	233,083	308,177	279,626	412,075
Business-type activities:										
Clipper smart card	-	52,048	34,846	38,319	37,393	37,264	44,090	45,094	44,885	48,754
Toll bridge activities	1,300,850	1,569,444	1,352,120	1,189,447	1,586,156	1,008,115	935,544	980,645	988,187	886,760
Congestion relief	17,309	17,939	18,693	17,763	12,742	11,697	10,419	11,463	10,696	13,100
Total business-type activities expenses	1,318,159	1,639,431	1,405,659	1,245,529	1,636,291	1,057,076	990,053	1,037,202	1,043,768	948,614
Total primary government expenses	$ 1,470,271	$ 1,867,134	$1,607,093	$1,525,568	$ 1,952,152	$ 1,333,283	$ 1,223,136	$ 1,345,379	$1,323,394	$ 1,360,689
Program Revenues										
Governmental activities:										
Operating grants and contributions	$ 249,436	$ 74,274	$ 245,171	$ 250,529	$ 301,254	$ 303,823	$ 233,919	$ 247,211	$ 303,748	$ 371,968
Capital grants and contributions	10,673	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	260,109	74,274	245,171	250,529	301,254	303,823	233,919	247,211	303,748	371,968
Business-type activities:										
Charges for services	486,889	622,906	660,156	690,181	713,147	740,510	760,872	772,292	785,383	779,402
Operating grants and contributions	131,872	281,918	263,080	272,281	393,471	95,622	102,705	88,931	90,664	99,175
Capital grants and contributions	-	327	-	-	81,209	-	3,559	9,220	11,294	12,234
Total business-type activities program revenues	618,761	905,151	923,236	962,462	1,187,827	836,132	867,136	870,443	887,341	890,811
Total primary government program revenues	$ 878,870	$ 979,425	$ 1,168,407	$1,212,991	$ 1,489,081	$ 1,139,955	$ 1,101,055	$ 1,117,654	$1,191,089	$ 1,262,779
Net (expense)/revenue										
Governmental activities	$ 107,997	$ (153,429)	$ 43,737	$ (29,510)	$ (14,607)	$ 27,616	$ 836	$ (60,966)	$ 24,122	$ (40,107)
Business-type activities	(699,398)	(734,280)	(482,423)	(283,067)	(448,464)	(220,944)	(122,917)	(166,759)	(156,427)	(57,803)
Total primary government net expense	$ (591,401)	$ (887,709)	$ (438,686)	$ (312,577)	$ (463,071)	$ (193,328)	$ (122,081)	$ (227,725)	$ (132,305)	$ (97,910)

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Metropolitan Transportation Commission
Changes in Net Position ($000) (unaudited), *continued*
By Fiscal Year — Table 2

	FISCAL YEAR									
	2010*	2011*	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental activities:										
Restricted investment earnings	$ 222	$ 408	$ 204	$ 144	$ 285	$ 493	$ 1,172	$ 1,885	$ 4,336	$ 9,146
Unrestricted investment earnings	1,963	2,448	2,416	1,988	1,650	1,520	1,705	2,372	5,091	9,762
Gain on sale of capital assets	-	-	-	-	-	-	-	6,628	-	-
Transfers	36,314	29,473	30,714	23,645	12,409	15,336	16,984	15,231	17,142	21,928
Total governmental activities	38,499	32,329	33,334	25,777	14,344	17,349	19,861	26,116	26,569	40,836
Business-type activities:										
Unrestricted investment earnings	(14,866)	33,452	(70,557)	53,714	(1,256)	(277,337)	(175,359)	171,808	105,878	(64,077)
Contributed capital	-	-	-	-	-	-	-	29,700	-	6,815
Extraordinary item	-	-	-	-	-	-	-	1,378	-	-
Transfers	(36,314)	(29,473)	(30,714)	(23,645)	(12,409)	(15,336)	(16,984)	(15,231)	(17,142)	(21,928)
Total business-type activities	(51,180)	3,979	(101,271)	30,069	(13,665)	(292,673)	(192,343)	187,655	88,736	(79,190)
Total primary government	$ (12,681)	$ 36,308	$ (67,937)	$ 55,846	$ 679	$ (275,324)	$ (172,482)	$ 213,771	$ 115,305	$ (38,354)
Change in Net Position										
Governmental activities	$ 146,496	$ (121,100)	$ 77,072	$ (3,733)	$ (263)	$ 44,965	$ 20,697	$ (34,850)	$ 50,691	$ 729
Business-type activities	(750,578)	(730,301)	(583,694)	(252,998)	(462,129)	(513,617)	(315,260)	20,896	(67,691)	(136,993)
Total primary government	$ (604,082)	$ (851,401)	$ (506,622)	$ (256,731)	$ (462,392)	$ (468,652)	$ (294,563)	$ (13,954)	$ (17,000)	$ (136,264)

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

Table 3

	FISCAL YEAR									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Nonspendable	$ 763	$ 918	$ 1,037	$ 1,033	$ 1,209	$ 1,328	$ 1,305	$ 823	$ 822	$ 1,426
Restricted for	2,734	1,954	2,389	1,254	528	512	158	49	27	-
Committed to	4,960	2,855	3,992	1,961	2,688	3,132	6,014	4,002	3,956	5,677
Unassigned	11,009	17,834	20,363	26,641	29,750	31,705	32,893	36,791	41,608	38,925
Total general fund	$ 19,466	$ 23,561	$ 27,781	$ 30,889	$ 34,175	$ 36,677	$ 40,370	$ 41,665	$ 46,413	$ 46,028
All other governmental funds										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2	$ -
Restricted for	415,129	290,757	362,492	349,615	339,144	384,916	432,015	449,183	492,175	495,071
Committed to	7,573	7,509	8,573	15,096	21,501	28,024	28,985	30,216	34,051	31,788
Unassigned	-	-	-	-	-	(10,445)	(40,998)	(92,221)	(94,371)	(99,797)
Total all other governmental funds	$ 422,702	$ 298,266	$ 371,065	$ 364,711	$ 360,645	$ 402,495	$ 420,002	$ 387,178	$ 431,857	$ 427,062

Metropolitan Transportation Commission

Changes in Fund Balances of Governmental Funds ($000) (unaudited)

By Fiscal Year

Table 4

	FISCAL YEAR									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Sales taxes	$ 8,824	$ 9,644	$ 10,504	$ 11,162	$ 11,735	$ 12,374	$ 12,812	$ 13,089	$ 13,650	$ 14,781
Grants - Federal	63,559	48,819	50,022	45,795	52,831	56,491	48,950	65,220	54,365	49,227
Grants - State	148,976	5,392	145,788	160,060	151,916	148,032	115,262	105,027	222,417	290,237
Local agencies revenues and refunds	46,755	18,419	46,022	41,148	88,712	86,553	57,917	63,532	13,247	18,015
Investment income - unrestricted	1,963	2,448	2,416	1,988	1,650	1,520	1,705	2,372	5,091	9,762
Investment income - restricted	222	408	204	144	285	493	1,173	1,885	4,336	9,146
Total revenues	270,299	85,130	254,956	260,297	307,129	305,463	237,819	251,125	313,106	391,168
Expenditures										
General government	70,100	72,612	70,376	65,175	70,387	68,463	63,439	68,456	64,713	94,692
Allocation to other agencies	66,875	162,266	138,105	221,642	249,434	207,804	169,527	228,987	215,949	323,535
Capital outlay	22,538	66	170	372	496	180	639	165	159	48
Contribution to Bay Area Headquarters Authority	-	-	-	-	-	-	-	11,423	-	-
Total expenditures	159,513	234,944	208,651	287,189	320,317	276,447	233,605	309,031	280,821	418,275
Excess of revenues over (under) expenditures	110,786	(149,814)	46,305	(26,892)	(13,188)	29,016	4,214	(57,906)	32,285	(27,107)
Other financing sources (uses)										
Transfer in	44,195	35,310	34,468	30,666	31,249	33,190	32,082	29,597	31,737	39,207
Transfer out	(7,881)	(5,838)	(3,754)	(7,021)	(18,841)	(17,854)	(15,098)	(14,366)	(14,595)	(17,279)
Sale of capital assets	-	-	-	-	-	-	-	11,147	-	-
Total other financing sources (uses)	36,314	29,472	30,714	23,645	12,408	15,336	16,984	26,378	17,142	21,928
Net change in fund balances	$ 147,100	$ (120,342)	$ 77,019	$ (3,247)	$ (780)	$ 44,352	$ 21,198	$ (31,528)	$ 49,427	$ (5,179)

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	Restricted Investment Earnings	Unrestricted Investment Earnings/Charges	Return of Contribution from BAHA & BAIFA	Total
2010 [1]	$ 486,888,891	$ 381,308,169	$ 10,672,699	$ 221,925	$ (12,903,019)	$ -	$ 866,188,665
2011 [2]	622,905,920	356,192,046	327,301	408,234	35,900,213	-	1,015,733,714
2012	660,156,182	508,251,355	-	203,961	(68,140,306)	-	1,100,471,192
2013 [3]	690,180,714	522,809,673	-	144,217	55,701,920	-	1,268,836,524
2014 [4]	713,146,710	694,725,536	81,209,050	284,620	394,366	-	1,489,760,282
2015 [5]	740,510,656	399,445,120	-	493,439	(275,817,194)	-	864,632,021
2016	760,871,690	336,623,906	3,559,290	1,172,944	(173,654,286)	-	928,573,544
2017	772,292,468	336,142,333	9,219,623	1,885,154	174,180,056	29,700,000	1,323,419,634
2018	785,383,349	394,411,700	11,294,137	4,335,949	110,968,421	-	1,306,393,556
2019	$ 779,402,140	$ 471,142,509	$ 12,234,376	$ 9,146,008	$ (54,315,126)	$ 6,815,000	$ 1,224,424,907

[1] Excludes $2.069 billion bond proceeds

[2] Excludes $2.385 billion bond proceeds

[3] Excludes $908 million bond proceeds

[4] Excludes $900 million bond proceeds

[5] Excludes $2.213 billion bond proceeds

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

Table 6

Fiscal Year	General Government	Transportation	Toll Bridge Activities	Congestion Relief	Clipper ®	Total
2010*	$ 97,259,761	$ 54,851,617	$ 1,300,850,028	$ 17,309,069	$ -	$ 1,470,270,475
2011*	78,610,828	149,092,421	1,569,444,305	17,938,280	52,047,730	1,867,133,564
2012	77,165,020	124,269,186	1,352,120,141	18,692,766	34,846,108	1,607,093,221
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	10,696,201	44,884,890	1,323,394,251
2019	$ 104,246,259	$ 307,828,471	$ 886,759,624	$ 13,100,396	$ 48,754,311	$ 1,360,689,061

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

Table 7

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 Revenue
2010	$ 157,455,482	$ 58,242,972	$ 35,674,460	$ 81,501,610	$ 74,627,628	$ 9,498,837	$ 49,084,593	$ 466,085,582
2011	210,190,214	75,064,299	46,782,024	100,918,100	92,268,264	11,080,910	61,058,136	597,361,947
2012	215,612,429	81,627,375	48,539,902	106,862,308	95,967,433	11,982,407	65,271,303	625,863,157
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

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
2010	43,579,404	15,808,435	10,135,134	20,517,470	18,581,186	2,263,717	12,383,708	123,269,054
2011	44,317,350	15,407,582	9,777,172	20,026,368	18,308,458	2,168,699	12,177,540	122,183,169
2012	44,460,209	16,241,002	9,929,399	20,065,557	18,266,053	2,181,315	12,523,905	123,667,440
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

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
2010							
No. of paid vehicles ('000s)	2,136	17,715	19,057	11,752	14,058	8,746	38,649
Average toll rate	$ 4.45	$ 4.21	$ 4.28	$ 4.18	$ 4.14	$ 4.08	$ 4.07
Total revenues	$ 9,499	$ 74,628	$ 81,502	$ 49,085	$ 58,243	$ 35,674	$ 157,455
2011							
No. of paid vehicles ('000s)	2,118	17,987	19,593	11,987	15,209	9,634	43,282
Average toll rate	$ 5.23	$ 5.13	$ 5.15	$ 5.09	$ 4.94	$ 4.86	$ 4.86
Total revenues	$ 11,081	$ 92,268	$ 100,918	$ 61,058	$ 75,064	$ 46,782	$ 210,190
2012							
No. of paid vehicles ('000s)	2,124	17,908	19,613	12,320	16,016	9,777	43,382
Average toll rate	$ 5.64	$ 5.36	$ 5.45	$ 5.30	$ 5.10	$ 4.96	$ 4.97
Total revenues	$ 11,982	$ 95,967	$ 106,862	$ 65,271	$ 81,627	$ 48,540	$ 215,612
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

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	Per Toll Vehicle
2010	$ 5,595,125,000	$ 358,975,732	$ 5,236,149,268	$ 466,085,582	42
2011	7,943,135,000	456,507,625	7,486,627,375	597,361,947	61
2012	7,904,440,000	455,624,170	7,448,815,830	625,863,157	60
2013	7,700,750,000	427,025,751	7,273,724,249	652,975,339	58
2014	8,554,585,000	475,439,245	8,079,145,755	671,506,937	62
2015	9,243,010,000	510,833,790	8,732,176,210	694,954,852	65
2016	9,186,095,000	515,292,195	8,670,802,805	714,132,356	62
2017	9,437,830,000	526,223,870	8,911,606,130	720,784,303	63
2018	9,475,610,000	519,966,477	8,955,643,523	727,350,431	62
2019	$ 9,387,965,000	$ 527,588,817	$ 8,860,376,183	$ 724,914,020	62

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

Table 11

	Toll Revenue Bonds					
				Debt Service		
Fiscal Year	Toll Revenues	Less: Operating Expenses	Net Available Revenue	Principal	Interest **	Coverage
2010*	$ 466,085,582	$ 105,760,787	$ 360,324,795	$ 35,345,000	$ 243,502,281	1.29
2011*	597,361,947	117,390,258	479,971,689	36,990,000	322,072,699	1.34
2012	625,863,157	119,167,770	506,695,387	38,695,000	333,551,860	1.36
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

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**Net of Build America Bonds (BABs) interest subsidy (starting from fiscal year 2010).

Metropolitan Transportation Commission
Miscellaneous Statistics (unaudited)
June 30, 2019 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)	289
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	7,783,460
Number of Toll Bridges in the Region	8
Traffic for All Toll Bridges - Number of Vehicles (excluding Golden Gate Bridge, Highway and Transportation District)	143,299,203
Toll Revenues (excluding Golden Gate Bridge, Highway and Transportation District)	$724,914,020
Number of Call Boxes in the Region	709

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]
2010	7,459,858	31,076	39	979,876	10.77 %
2011	7,150,739	N/A	N/A	985,964	10.17 %
2012	7,249,563	N/A	N/A	994,207	8.69 %
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 %

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 2019 and 2010

Table 14

2019[1]				2010[2]			
Employer	Employees	Rank	Percentage of City of San Francisco Total Employment	Employer	Employees	Rank	Percentage of City of San Francisco Total Employment
Kaiser Permanente	46,044	1	11.81%	Kaiser Permanente	42,123	1	13.00%
City and County of San Francisco	31,038	2	7.96%	City and County of San Francisco	27,802	2	8.58%
University of California, Berkeley	27,723	3	7.11%	University of California, San Francisco	23,478	3	7.25%
University of California, San Francisco	25,522	4	6.54%	University of California, Berkeley	22,277	4	6.88%
Sutter Health	25,435	5	6.52%	State of California	18,201	5	5.62%
State of California	15,214	6	3.90%	Wells Fargo Bank	16,558	6	5.11%
Stanford University	14,727	7	3.78%	Safeway Inc.	14,561	7	4.49%
Safeway Inc.	14,274	8	3.66%	US Postal Service	11,623	8	3.59%
Wells Fargo Bank	14,119	9	3.62%	Stanford University	9,070	9	2.80%
Facebook	14,000	10	3.59%	Alameda County	9,000	10	2.78%

Data Sources

[1]2019 Book of Lists, San Francisco Business Times

[2]2010 Book of Lists, San Francisco Business Times

Metropolitan Transportation Commission
Full-Time Equivalent Employees by Function (unaudited)
Last Ten Fiscal Years

Table 15

Functions	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
General government	63	64	74	68	69	64	77	74	86	94
Transportation	67	67	64	73	76	76	83	79	122	119
Business-type Activities										
Toll bridge activities	33	34	33	34	41	54	58	64	65	63
Congestion relief	5	5	5	5	5	4	5	5	4	5
BAHA	-	-	-	-	-	3	6	10	9	8
	168	170	176	180	191	201	229	232	286	289

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
2010	$ 501,102	$17,011,660	2.95%
2011	562,678	17,417,779	3.23%
2012	632,904	17,799,482	3.56%
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	27,772,133	2.79%
2018	835,827	33,455,049	2.50%
2019	1,010,937	34,846,017	2.90%

* From MTC records

375 Beale Street, Suite 800
San Francisco, CA 94105

Metropolitan Transportation Commission

Legislation Details (With Text)

File #:	19-1098	**Version:** 1		**Name:**	
Type:	Report			**Status:**	Committee Approval
File created:	9/17/2019			**In control:**	MTC Audit Committee
On agenda:	10/23/2019			**Final action:**	
Title:	Bay Area Headquarters Authority Financial Statements for FY 2018-19				
Sponsors:					
Indexes:					
Code sections:					
Attachments:	3b_Bay Area Headquarters Authority Financial Statements for FY 2018-19.pdf				

Date	Ver.	Action By	Action	Result

Subject:
Bay Area Headquarters Authority Financial Statements for FY 2018-19

Presenter:
Arleicka Conley

Recommended Action:
Committee Approval

Agenda Item 3b

Bay Area Headquarters Authority

Financial Statements
As of and for the Years Ended June 30, 2019 and 2018

Bay Area Headquarters Authority
Table of Contents
As of and for the Years Ended June 30, 2019 and 2018

Report of Independent Auditors

To the Members of the Committee of the
Bay Area Headquarters Authority:

We have audited the accompanying financial statements of the Bay Area Headquarters Authority (BAHA), a discretely presented component unit of the Metropolitan Transportation Commission, which comprise the statements of net position as of June 30, 2019 and 2018, and the related statements of revenues, expenses and changes in net position and of cash flows for the years then ended.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bay Area Headquarters Authority as of June 30, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The accompanying management's discussion and analysis ("MD&A") on pages 3 through 6 is required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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.

DRAFT
San Francisco, California
Month XX, 2019

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 years ended June 30, 2019 and 2018. 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.

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's chair and vice chair, BATA Oversight Committee's chair and vice chair as well as the MTC Administration Committee's chair and vice chair. Neither MTC nor BATA is responsible for any liabilities or obligations of BAHA.

A. Financial Highlights

1) Twilio, Inc. leased office space on BAMC's fifth floor for a short-term period starting from October 2018 to June 2019.

2) Rent revenue reached $9 million at the end of the fiscal year.

B. Overview of the BAHA Financial Statements

BAHA's financial statements include *Statements of Net Position*, *Statements of Revenues, Expenses and Changes in Net Position*, and *Statements of Cash Flows*. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

The *Statements of Net Position* report assets, liabilities, deferred out/inflows of resources, and the difference as net position. The *Statements of Revenues, Expenses, and Changes in Net Position* consist of operating revenues and expenses and nonoperating revenues and expenses. The *Statements of Cash Flows* are presented using the direct method.

Statements of Net Position, *Statements of Revenues, Expenses and Changes in Net Position, and Statements of Cash Flows* are presented on pages 7 – 10 of this report.

C. Financial Analysis

Statements of Net Position

The following table is a summary of BAHA's statement of net position as of June 30 for the last three fiscal years:

	2019	2018	2017
Cash	$ 25,863,582	$ 21,332,976	$ 26,794,258
Receivables	3,228,770	242,360	1,654,459
Other assets	375,948	553,468	685,495
Capital assets	209,280,957	219,135,817	217,256,873
Total assets	238,749,257	241,264,621	246,391,085
Deferred outflows	232,178	455,908	410,011
Other liabilities	4,932,820	4,092,827	2,907,645
Long term liabilities	375,652	785,298	576,031
Total liabilities	5,308,472	4,878,125	3,483,676
Deferred inflows	65,394	-	9,766
Net position			
Net investment in capital assets	209,280,957	219,135,817	217,256,873
Restricted for capital projects	4,780,457	3,627,118	13,398,808
Unrestricted	19,546,155	14,079,469	12,651,973
Total net position	$ 233,607,569	$ 236,842,404	$ 243,307,654

Cash increased by $4,530,606 in fiscal year 2019 and decreased by $5,461,282 in fiscal years 2018. The increase in fiscal year 2019 is a result of increases in rent and parking revenues offset by a decrease in operating expenditures. The decrease in fiscal year 2018 is mainly due to ongoing building improvements and furniture and equipment purchases.

The receivables increased by $2,986,410 in fiscal year 2019 after decreasing by $1,412,099 in fiscal year 2018. The increase in fiscal year 2019 is a result of a $3 million contribution receivable from BAAQMD. The decrease in fiscal year 2018 is mainly due to no assessment fee receivables compared to $1.3 million assessment fee receivables recognized by BAHA in fiscal year 2017.

Capital assets decreased by $9,854,860 in fiscal year 2019 and increased by $1,878,944 in fiscal year 2018. The decrease in fiscal year 2019 is mainly due to the sale of space and furniture on BAMC's 8th floor to BAAQMD. The increase in fiscal year 2018 is mainly due to building improvements and purchases of furniture and equipment.

Current liabilities increased by $839,993 and $1,185,182 in fiscal year 2019 and 2018 respectively. The increase in fiscal year 2019 is a result of increases of approximately $550,000 in unearned revenue and $300,000 in tenants' security deposits. The increase in fiscal year 2018 is mainly due to the accrual of possessory interest tax.

Non-current liabilities decreased by $409,646 in fiscal year 2019 and increased by $209,267 in fiscal years 2018. The decrease in fiscal year 2019 is mainly due to decreases in net pension and OPEB liabilities. The increase in fiscal year 2018 is a result of OPEB liabilities recognized by BAHA after adopting GASB Statement No. 75 in that fiscal year.

Statements 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 three fiscal years ended June 30:

	2019	2018	2017
Operating revenue			
Rental income	$ 9,318,889	$ 8,044,593	$ 5,880,362
Assessment fees	152,000	-	4,474,984
Other operating revenues	499,544	484,542	102,666
Total operating revenue	9,970,433	8,529,135	10,458,012
Operating expenses			
Salaries and benefits	411,866	1,226,051	1,698,127
Professional fees and property management	846,417	1,669,521	2,419,433
Repairs / maintenance and supplies	1,021,065	1,172,543	1,371,053
Security and cleaning service	1,150,323	1,077,523	1,704,688
Depreciation	6,638,385	6,433,075	6,778,923
Possessory tax	599,002	1,346,538	-
Other expenses	1,867,715	2,946,610	4,777,628
Total operating expenses	12,534,773	15,871,861	18,749,852
Operating loss	(2,564,341)	(7,342,726)	(8,291,840)
Nonoperating revenues / (expenses)			
Interest and miscellaneous income / (expenses)	(3,835,916)	911,832	(20,915,072)
Total nonoperating revenues / (expenses)	(3,835,916)	911,832	(20,915,072)
Capital contributions / Transfers in	3,165,421	56,370	-
Changes in net position	(3,234,835)	(6,374,524)	(29,206,912)
Net position - beginning	236,842,404	243,216,928 *	272,514,566
Net position - ending	$ 233,607,569	$ 236,842,404	$ 243,307,654

* In fiscal year 2018, beginning balance was restated due to the adoption of GASB statement No. 75. See Note 6 for additional information.

BAHA's operating revenues increased by $1,441,298 in fiscal year 2019 after a decrease of $1,928,877 in fiscal year 2018. The increase in fiscal year 2019 is mainly due to increase of approximately $1.3 million in rental income. During fiscal year 2018, 375 Beale Condominium Corporation went active and as such the assessment fees were recognized by 375 Beale Condo. The decrease in fiscal year 2018 is a result of a decrease of $4.5 million in assessment fees offset by increases of $2.6 million in rent and other operating revenue.

Total operating expenses decreased by $3,337,088 in fiscal year 2019 and $2,877,991 in fiscal year 2018. The decrease in fiscal year 2019 is a result of decreases of approximately $1.1 million in salaries and benefits and overhead due to winding down of capital projects in BAMC, $900,000 in refund of excess assessment fees, $813,000 in professional fees, and $750,000 in possessory tax. The decrease in fiscal year 2018 is mainly due to certain building operation expenses that were previously the responsibility of BAHA subsequently assumed by 375 Beale Condo.

BAHA had net nonoperating expenses of $3,835,916 in fiscal year 2019 compared to net nonoperating revenues of $911,832 in fiscal year 2018. The nonoperating expenses in fiscal year 2019 mainly consist of $3.9 million return of contribution to BATA and a loss on the sale of capital assets from BAHA to BAAQMD. The nonoperating revenues in fiscal year 2018 are primarily interest earnings and miscellaneous expenses.

D. Notes to the Financial Statements

The notes to the financial statements, beginning on page 11, 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

The Bay Area economy continues to grow from previous years. The region's unemployment rate remains low at 3 percent as of June 30, 2019, and sales tax revenue has increased by 8.3 percent and 4.3 percent for fiscal years 2019 and 2018 respectively. BAHA has had stable rental income during the fiscal year since BAHA's lease agreements are long term and not impacted by the growing economy.

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
Statements of Net Position
June 30, 2019 and 2018

		2019		2018
ASSETS				
Current assets:				
Cash - unrestricted	$	21,083,125	$	17,705,858
Cash - restricted		4,780,457		3,627,118
Accounts receivable		3,228,728		237,904
Due from other governments		-		4,438
Accrued interest		42		18
Prepaid expenses		375,948		553,468
Total current assets		29,468,300		22,128,804
Non-current assets:				
Capital assets, not being depreciated		34,817,968		33,933,809
Capital assets, net of accumulated depreciation		174,462,989		185,202,008
Total non-current assets		209,280,957		219,135,817
TOTAL ASSETS		238,749,257		241,264,621
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pension		102,800		343,203
Deferred outflows from OPEB		129,378		112,705
TOTAL DEFERRED OUTFLOWS OF RESOURCES		232,178		455,908
LIABILITIES				
Current liabilities:				
Accounts payable		583,390		446,901
Retention payable		70,696		422,384
Accrued liabilities		2,192,500		1,863,000
Unearned revenue		587,176		-
Compensated absences liability		25,651		58,596
Tenants' security deposits		345,776		52,651
Due to other government		476,016		476,016
Due to 375 Beale Condo		651,615		773,279
Total current liabilities		4,932,820		4,092,827
Non-current liabilities:				
Net pension liability		69,659		381,354
Net OPEB liability		119,233		181,305
Compensated absences liability		28,808		62,187
Tenants' security deposits		157,952		160,452
Total non-current liabilities		375,652		785,298
TOTAL LIABILITIES		5,308,472		4,878,125
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pension		65,394		-
TOTAL DEFERRED INFLOWS OF RESOURCES		65,394		-
NET POSITION				
Net investment in capital assets		209,280,957		219,135,817
Restricted (expendable) for capital projects		4,780,457		3,627,118
Unrestricted		19,546,155		14,079,469
TOTAL NET POSITION	$	233,607,569	$	236,842,404

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

Bay Area Headquarters Authority
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2019 and 2018

	2019	2018
OPERATING REVENUE		
Rental income	$ 9,318,889	$ 8,044,593
Assessment fees	152,000	-
Other operating revenues	499,544	484,542
TOTAL OPERATING REVENUE	9,970,433	8,529,135
OPERATING EXPENSES		
Salaries and benefits	411,866	1,226,051
Professional fees	590,653	1,403,185
Repairs and maintenance	989,511	988,124
Property management service	255,764	266,336
Property management commission	31,969	40,857
Insurance	179,794	179,855
Security	499,772	459,087
Cleaning service	650,551	618,436
Communication charges	-	32,951
Utilities	420,386	453,286
Computer maintenance and services	442,222	403,193
Supplies and equipment rental	31,554	184,419
Refund of excess assessment fees	-	901,385
Depreciation	6,638,385	6,433,075
Overhead	266,144	536,690
Possessory tax	599,002	1,346,538
Other	527,200	398,393
TOTAL OPERATING EXPENSES	12,534,773	15,871,861
OPERATING LOSS	(2,564,340)	(7,342,726)
NONOPERATING REVENUES AND EXPENSES		
Interest income	187,496	226,876
Other nonoperating revenues	131,311	152,326
Loss on sale of capital assets	(254,989)	-
Return of contribution to BATA	(3,900,000)	-
Miscellaneous income	266	532,630
TOTAL NONOPERATING REVENUES (EXPENSES)	(3,835,916)	911,832
LOSS BEFORE CAPITAL CONTRIBUTION / TRANSFERS	(6,400,256)	(6,430,894)
CAPITAL CONTRIBUTION / TRANSFERS		
Contribution from BAAQMD	3,150,000	-
Tenant contribution for tenant improvements	15,421	56,370
TOTAL CAPITAL CONTRIBUTION / TRANSFERS	3,165,421	56,370
CHANGE IN NET POSITION	(3,234,835)	(6,374,524)
Net position - Beginning of year	236,842,404	243,216,928 *
Net position - End of year	$ 233,607,569	$ 236,842,404

* In fiscal year 2018, beginning balance was restated due to the adoption of GASB statement No. 75.
See Note 6 for additional information.

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

Bay Area Headquarters Authority
Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Cash receipts from tenants and others	$ 10,642,092	$ 11,459,887
Cash payments to suppliers	(5,342,558)	(8,259,392)
Net cash provided by operating activities	5,299,534	3,200,495
Cash flows from non-capital financing activities		
Return of contributions to BATA	(3,900,000)	-
Net cash (used in) non-capital financing activities	(3,900,000)	-
Cash flows from capital and related financing activities		
Tenant contributions for tenant improvements	(28,209)	100,000
Contribution from BAAQMD	150,000	-
Acquisition of capital assets	(1,635,902)	(8,992,697)
Sale of capital assets	4,457,711	-
Net cash provided by / (used in) capital and related financing activities	2,943,600	(8,892,697)
Cash flows from investing activities		
Proceeds from maturities of investments	-	-
Purchase of investments	-	-
Interest received	187,472	230,920
Net cash provided by investing activities	187,472	230,920
Net increase / (decrease) in cash	4,530,606	(5,461,282)
Balances - Beginning of year	21,332,976	26,794,258
Balances - End of year	$ 25,863,582	$ 21,332,976

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

Bay Area Headquarters Authority
Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

Reconciliation of operating income to net cash used in operating activities

		2019		2018
Operating loss	$	(2,564,340)	$	(7,342,726)
Adjustments to reconcile operating loss to net cash provided by/(used in) operating activities:				
Depreciation		6,638,385		6,433,075
Other revenues		148,425		860,235
Net effect of changes in:				
Accounts receivable		(7,672)		1,237,214
Prepaid expenses		177,520		132,027
Accounts payable		(75,523)		(247,279)
Accrued liabilities		373,130		1,177,610
Unearned revenue		587,176		(415,992)
Tenants' security deposits		290,625		-
Due from other governments		4,438		(4,438)
Deferred outflows from pension		240,403		66,808
Deferred outflows from OPEB		(16,673)		(112,705)
Net pension liability		(311,695)		(34,225)
Net OPEB liability		(62,072)		90,579
Compensated absences liability		(66,324)		120,783
Deferred inflows from pension		65,394		(9,766)
Due to MTC		-		476,016
Due to 375 Beale Condo		(121,664)		773,279
Net cash provided by / (used in) operating activities	$	5,299,534	$	3,200,495

Significant Noncash Investing, Capital, and Financing Activities

		2019		2018
Building improvements included in accounts payable and accrued liabilities	$	393,677	$	566,037
Loss on sale of capital assets		(254,989)		-

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). BATA's board authorized contributions of $167,026,515 and $48,423,485 to BAHA to acquire the property in October 2011 and April 2013, respectively. The October 2011 acquisition cost of BAMC was $92,168,317. The difference between

BATA's contribution and the cost of BAMC was to be used towards renovating BAMC. In October 2013, BATA's board authorized a contribution of $30 million to BAHA to purchase a Certificate of Participation (COP) issued by the Bay Area Air Quality Management District (BAAQMD). Subsequent to the initial two contributions for the purchase and renovation of the BAMC, BATA has contributed an additional $39,548,523 to BAHA as of fiscal year 2016. BAHA returned $29,700,000 contribution to BATA; $10,400,000 in cash and $19,300,000 in COP investments in fiscal year 2017. MTC contributed total of $11,672,704 to BAHA as of fiscal year 2017. MTC Service Authority for Freeway & Expressways (SAFE) contributed $50,000 in fiscal year 2015. In fiscal year 2019, BAHA returned $3,900,000 contribution to BATA. BAHA received $150,000 contribution from BAAQMD for constructions of electric vehicle charging stations in BAMC parking garage and $3,000,000 for the improvements of the first-floor large retail space.

BAHA is responsible for the management and operation of BAMC, including sales (of condominium interests in BAMC) and leasing activity, and maintaining BAMC. 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This standard establishes new accounting and financial reporting requirements for those governments whose employees are provided with other post employment benefits (OPEB), as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. BAHA adopted this standard for fiscal year ended June 30, 2018. For additional information on the impact of adoption of GASB Statement No. 75, see MTC's Comprehensive Annual Financial Report Note 9.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses requirements regarding the retirement of certain tangible assets for all state and local governments. The requirements of this statement are effective for reporting periods beginning after June 15, 2018. This standard did not have any impact on BAHA's financial statements.

GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. Management is currently evaluating the effect of this standard on BAHA's financial statements.

GASB Statement No. 85, *Omnibus 2017*, addresses various practice issues including related blending component units, goodwill, fair value measurement and application, and other postemployment benefits (OPEB). The requirements of this statement are effective for reporting periods beginning after June 15, 2017. This standard did not have any impact on BAHA's financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, provides guidance to improve consistency in accounting and financial reporting for in-substance defeasance of debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2017. This standard did not have any impact on BAHA's financial statements.

GASB Statement No. 87, *Leases*, is 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 December 15, 2019. Management is currently evaluating the effect of this standard on BAHA's financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, provides additional essential information related to the debt disclosure in notes to financial statements. This statement clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2018. This standard did not have any impact on BAHA'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, 2019. Management is currently evaluating the effect of this standard on BAHA's financial statements.

GASB Statement No. 90, *Majority Equity Interests*, provides guidance on how to improve reporting of Majority Equity Interests. This statement improves the consistency and comparability of reporting a government's majority equity interest in legally separate organizations and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. Management is currently evaluating the effect of this standard on BAHA's financial statements.

GASB Statement No. 91, *Conduit Debt Obligations*, provides 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, 2020. Management is currently evaluating the effect of this standard on BAHA's financial statements.

Cash

Cash

BAHA considers all balances in demand deposit accounts to be cash. The composition of cash at June 30, 2019 and 2018 is as follows:

	2019	2018
Unrestricted cash		
Cash at banks	$ 21,083,125	$ 17,705,858
Total unrestricted cash	$ 21,083,125	$ 17,705,858
Restricted cash		
Cash at banks	$ 4,779,580	$ 3,626,870
Money market mutual funds	877	248
Total restricted cash	$ 4,780,457	$ 3,627,118

Restricted Cash

Restricted cash is restricted for use on capital projects. BAHA’s source of the restricted cash was contributions from BATA, which are restricted for capital purposes.

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 or licensed 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

The liabilities employers have for the employee benefits provided through defined benefit pension and OPEB plans.

Rental Income

Rental income from lease transactions with scheduled rent increases is measured based on the terms of lease contracts. Rental income from lease transactions with rent abatements as an inducement to enter into the lease agreement is measured on a straight-line basis over the lease term.

Assessment Fees

BAHA recognized assessment fees as amounts were billed based on the agreement approved by the board among the condominium units. BAHA collected special assessment fees for a project in fiscal year 2019.

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.

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.

3. Capital Assets

A summary of capital assets for the period ended June 30, 2019 is as follows:

	Beginning Balance June 30, 2018	Increases	Decreases	Ending Balance June 30, 2019
Capital assets, not being depreciated:				
Land	$ 33,933,809	$ -	$ -	$ 33,933,809
Furniture and equipment	-	107,715	-	107,715
Construction in progress	-	776,444	-	776,444
Total capital assets, not being depreciated	33,933,809	884,159	-	34,817,968
Capital assets, being depreciated:				
Building and improvements	178,154,518	141,647	(4,705,814)	173,590,351
Furniture and equipment	5,380,569	458,483	(341,380)	5,497,672
Tenant improvements	12,869,335	11,936	-	12,881,271
Intangible assets	1,654,749	-	-	1,654,749
Total capital assets being depreciated	198,059,171	612,066	(5,047,194)	193,624,043
Less accumulated depreciation for:				
Building and improvements	8,231,578	3,900,665	(251,994)	11,880,249
Furniture and equipment	1,233,879	717,161	(82,500)	1,868,540
Tenant improvements	2,714,768	1,685,310	-	4,400,078
Intangible assets	676,938	335,249	-	1,012,187
Total accumulated depreciation	12,857,163	6,638,385	(334,494)	19,161,054
Total capital assets, being depreciated, net	185,202,008	(6,026,319)	(4,712,700)	174,462,989
BAHA capital assets, net	$ 219,135,817	$ (5,142,160)	$ (4,712,700)	$ 209,280,957

In November 2018 BAHA sold BAMC's partial office space and furniture on the 8th floor to BAAQMD. The selling price was $4,457,711, and the transaction resulted in a loss of $254,989.

A summary of capital assets for the period ended June 30, 2018 is as follows:

	Beginning Balance June 30, 2017	Increases	Decreases	Ending Balance June 30, 2018
Capital assets, not being depreciated:				
Land	$ 33,933,809	$ -	$ -	$ 33,933,809
Furniture and equipment	17,128	-	(17,128)	-
Construction in progress	542,857	506,370	(1,049,227)	-
Total capital assets, not being depreciated	34,493,794	506,370	(1,066,355)	33,933,809
Capital assets, being depreciated:				
Building and improvements	170,961,924	7,192,594	-	178,154,518
Furniture and equipment	4,217,983	1,162,586	-	5,380,569
Tenant improvements	12,352,511	516,824	-	12,869,335
Intangible assets	1,654,749	-	-	1,654,749
Total capital assets being depreciated	189,187,167	8,872,004	-	198,059,171
Less accumulated depreciation for:				
Building and improvements	4,364,507	3,867,071	-	8,231,578
Furniture and equipment	602,662	631,217	-	1,233,879
Tenant improvements	1,115,230	1,599,538	-	2,714,768
Intangible assets	341,689	335,249	-	676,938
Total accumulated depreciation	6,424,088	6,433,075	-	12,857,163
Total capital assets, being depreciated, net	182,763,079	2,438,929	-	185,202,008
BAHA capital assets, net	$ 217,256,873	$ 2,945,299	$ (1,066,355)	$ 219,135,817

4. Leases

Operating 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 seven years and three 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. This lease agreement authorized BATA to sublease an area at BAMC to Conduent Inc. (Conduent) who operates the FasTrak® Customer Service Center for BATA. The 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 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 December 2015, BAHA signed a concession agreement with Ada's Café. Ada's Café provides food and beverage services at the ground floor retail space in BAMC. No rent is collected from Ada's Café. The agreement is automatically extended every 12 months for an aggregate extension of not to exceed five years.

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. BAHA and Twilio amended the agreement which allows Twilio to lease more space for a short term from October 2018 to June 2019.

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 for Bay Conservation and Development Commission (BCDC) to lease office space in BAMC. BCDC is expected to move into BAMC in September 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 $80,332,987, and the accumulated depreciation amount is $9,763,190 as of June 30, 2019.

Minimum future rental payments of the operating leases are as follows:

Year Ending June 30	Total
2020	9,445,677
2021	9,835,595
2022	10,047,974
2023	9,309,442
2024	8,148,565
After June 2024	9,332,227
Total	$ 56,119,479

5. Retirement Plan

MTC, the primary government, 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).

MTC allocated BAHA's pension liability related balances based on BAHA's proportional share of total salaries.

In fiscal year 2019, BAHA has pension expense of $49,373, net pension liability of $69,659, deferred outflows of $102,800, and deferred inflows of $65,394.

For additional information on employees' retirement plan, see MTC's Comprehensive Annual 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 a Section 115 irrevocable benefit trust fund for its post-employment benefit plan with the Public Agency Retirement Services (PARS).

BAHA adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans* in fiscal year 2018. MTC reported the contributions made subsequent to the measurement date of the beginning net OPEB liability as the beginning deferred outflow as MTC considered it is not practical to determine the amounts of all other applicable deferred inflows of resources and deferred outflows of resources related to OPEB. MTC reported the prior periods cumulative effect of applying GASB 75 as a restatement of the beginning balance for the period in which GASB 75 is first applied. Prior to the adoption of GASB 75, MTC reported a cumulative OPEB asset amount over the actuarially required contributions, consistent with prior accounting standard. Under GASB 75, MTC has a liability which is required to be recognized and reported as an obligation in the financial statements.

MTC allocated the OPEB liability related balances to BAHA based on BAHA's proportional share of total salaries.

In fiscal year 2019, BAHA has OPEB expense of $32,694, net OPEB liability of $119,233, and deferred outflows of $129,378.

For additional information on employees' OPEB plan, see MTC's Comprehensive Annual 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 as well as the total accumulated vacation leave up to a maximum of 500 hours per employee.

MTC allocated the compensated absences liability related balance to BAHA based on BAHA's proportional share of total salaries. In fiscal year 2019, BAHA has compensated absences liability of

$25,651 for short term and $28,808 for long term. For additional information on compensated absences, refer to MTC's Comprehensive Annual 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, 2019, there are approximately $4,675,000 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.

10. Subsequent Events

BAHA and Ada's Café agreed to terminate the concession agreement, and Ada's Café ceased its services and moved out of BAMC in August 2019. BCDC moved into BAMC in mid-August 2019.

375 Beale Street, Suite 800
San Francisco, CA 94105

Metropolitan Transportation Commission

Legislation Details (With Text)

File #:	19-1099	**Version:**	1	**Name:**	
Type:	Resolution			**Status:**	Committee Approval
File created:	9/17/2019			**In control:**	MTC Audit Committee
On agenda:	10/23/2019			**Final action:**	
Title:	375 Beale Condominium Corporation Financial Statements for FY 2018-19				
Sponsors:					
Indexes:					
Code sections:					
Attachments:	3c_375 Beale Condominium Corporation Financial Statements for FY 2018-19.pdf				

Date	Ver.	Action By	Action	Result

Subject:
375 Beale Condominium Corporation Financial Statements for FY 2018-19

Presenter:
Arleicka Conley

Recommended Action:
Committee Approval

375 Beale Condominium Corporation

Financial Statements
As of and for the Years Ended June 30, 2019 and 2018

375 Beale Condominium Corporation
Table of Contents
As of and for the Years Ended June 30, 2019 and 2018

Report of Independent Auditors

To the Board of Directors of the
375 Beale Condominium Corporation:

We have audited the accompanying financial statements of the 375 Beale Condominium Corporation ("375 Beale Condo"), which comprise the statement of net position as of June 30, 2019 and 2018, and the related statements of revenues, expenses and changes in net position and of cash flows for the years then ended.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to 375 Beale Condo's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 375 Beale Condo's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the 375 Beale Condominium Corporation as of June 30, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The accompanying management's discussion and analysis ("MD&A") on pages 3 through 4 is required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise 375 Beale Condo's basic financial statements. The other supplementary schedules appearing on pages 13 through 15 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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, these supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

DRAFT
San Francisco, California
Month XX, 2019

Management's Discussion and Analysis

This financial report is designed to provide a general overview of the 375 Beale Condominium Corporation's (375 Beale Condo) financial statements. 375 Beale Condo is a non-profit organization formed to manage the three condominium unit owners' common interest development in 375 Beale Street, San Francisco, California (the Property). This Management's Discussion and Analysis presents an overview of the financial activities of 375 Beale Condo for the years ended June 30, 2019 and 2018. The discussion has been prepared by management and should be read in conjunction with the financial statements and the notes which follow.

Bay Area Headquarters Authority (BAHA) acquired the Property in October 2011 for the purpose of establishing a Bay Area regional agency headquarters for Metropolitan Transportation Commission (MTC), Bay Area Air Quality Management District (BAAQMD), and Association of Bay Area Governments (ABAG). BAHA renovated the Property and named it Bay Area Metro Center (BAMC). In May 2016, MTC, BAAQMD and ABAG moved into BAMC and occupied level six to level eight and partial level five of the 8-level BAMC building. Rentable space on level one to level five has been rented out to commercial tenants.

In December 2016, BAHA signed the Declaration of Covenants, Conditions and Restrictions for 375 Beale Street, San Francisco (the CC&Rs) which defined the ownership of BAMC among the three owners: BAHA, BAAQMD and ABAG, the rights and responsibilities of the unit owners, and the management and operating guidance of the condominium. 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.

A. Financial Highlights

In November 2018, BAAQMD acquired additional office space on the 8th floor which resulted in a change of 375 Beale Condo's ownership allocation.

B. Overview of the 375 Beale Condo's Financial Statements

375 Beale Condo's financial statements include: (1) *Statement of Net Position*, (2) *Statement of Revenues, Expenses, and Changes in Net Position*, and (3) *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 and liabilities 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.

The *Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position,* and *Statement of Cash Flows* are presented on pages 7 through 9 of this report.

C. Financial Analysis

The following table is a summary of 375 Beale Condo's statement of net position as of June 30 for the last two fiscal years:

	2019	2018
Cash	$ 210,803	$ 288,408
Accounts receivable	99,991	236,955
Due from BAHA	651,615	773,279
Other assets	1,055	9,213
Total assets	963,464	1,307,855
Due to condominium owners	817,746	1,224,203
Other current liabilities	145,718	83,652
Total liabilities	963,464	1,307,855
Net position	$ -	$ -

Cash decreased by $77,605 in fiscal year 2019. The decrease is mainly due to higher operating expenditures in the fiscal year. Accounts receivable decreased by $136,964 in fiscal year 2019. The decrease is a result of no assessment fee receivable in fiscal 2019 whereas there was a $138,733 shared services assessment fee due from one condominium unit owner in fiscal year 2018. Due from BAHA decreased by $121,664 in fiscal year 2019. The decrease is mainly due to decreases of $111,809 in due from common area operations in fiscal year 2019 and $9,855 in assessment fees collected by BAHA in fiscal year 2018.

Due to condominium owners decreased by $406,457 in fiscal year 2019. The decrease is a result of a smaller assessment fee refund to the two condominium owners in fiscal year 2019 compared to fiscal year 2018. Other current liabilities increased by $62,066 in fiscal year 2019. The increase is mainly due to increases of $38,139 in invoices received from vendors and $23.927 in expense accruals.

The following table is a summary of 375 Beale Condo's statement of revenues, expenses, and changes in net position for the last two fiscal years ended June 30:

	2019	2018
Operating revenues		
Net assessment fees	$ 4,651,251	$ 4,074,972
Total operating revenues	4,651,251	4,074,972
Operating expenses		
Common area	3,137,932	2,992,007
Shared services	1,523,036	1,089,052
Total operating expenses	4,660,968	4,081,059
Operating loss	(9,717)	(6,087)
Total nonoperating revenues	9,717	6,087
Change in net position	-	-
Net position - beginning	-	-
Net position - ending	$ -	$ -

Net assessment fees increased by $576,279 in fiscal year 2019. The increase is a result of an increase in assessment fees due to higher operating expenses. Common area expenses increased by $145,925 in fiscal year 2019. The increase is mainly due to increases of $38,495 in cleaning, $34,582 in security, $23,918 in parking garage expenses, $17,121 in computer maintenance, and $10,688 in utilities. Shared services expenses increased by $433,984 in fiscal year 2019. The increase is a result of increases of $184,509 in salaries and benefits, $114,448 in overhead, and $114,103 in professional fees.

D. Notes to the Financial Statements

The notes to the financial statements, beginning on page 10, 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

The Bay Area economy continues to grow from previous years. The region's unemployment rate remains low at 3 percent as of June 30, 2019, and sales tax revenues have increased by 8.3 percent and 4.3 percent for fiscal years 2019 and 2018 respectively. The growing economy did not impact 375 Beale Condo's financials for the fiscal year 2019 and 2018.

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, 375 Beale Condominium Corporation, 375 Beale Street, Suite 800, San Francisco, CA 94105.

375 Beale Condominium Corporation
Statements of Net Position
June 30, 2019 and 2018

	2019	2018
Assets		
Current assets		
Cash	$ 210,803	$ 288,408
Accounts receivable	99,991	236,955
Due from BAHA	651,615	773,279
Due from other governments	-	1,606
Prepaid expenses	1,055	7,607
Total current assets	963,464	1,307,855
Total assets	963,464	1,307,855
Liabilities		
Current liabilities		
Accounts payable	91,173	53,034
Accrued liabilities	54,496	30,569
Due to condominium owners	817,746	1,224,203
Unearned revenue	49	49
Total current liabilities	963,464	1,307,855
Total liabilities	963,464	1,307,855
Net Position	$ -	$ -

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

375 Beale Condominium Corporation

Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2019 and 2018

	2019	2018
Operating Revenues		
Assessment fees	$ 5,462,864	$ 5,299,175
Refund of excess assessment fees	(811,613)	(1,224,203)
Net assessment fees	4,651,251	4,074,972
Total operating revenues	4,651,251	4,074,972
Operating Expenses		
Common area	3,137,932	2,992,007
Shared services	1,523,036	1,089,052
Total operating expenses	4,660,968	4,081,059
Operating loss	(9,717)	(6,087)
Nonoperating Revenues		
Interest income	9,717	5,196
Miscellaneous revenues	-	891
Total nonoperating revenues	9,717	6,087
Change in Net Position	-	-
Net Position - Beginning of Year	-	-
Net Position - End of Year	$ -	$ -

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

375 Beale Condominium Corporation
Statements of Cash Flows
For the Years Ended June 30, 2019

	2019	2018
Cash flows from operating activities		
Cash receipts from condominium unit owners	$ 4,911,485	$ 4,289,881
Cash payments to suppliers and others	(4,998,807)	(4,006,669)
Net cash provided by / (used in) operating activities	(87,322)	283,212
Cash flows from investing activities		
Interest and dividends on investments	9,717	5,196
Net cash provided by investing activities	9,717	5,196
Net increase / (decrease) in cash	(77,605)	288,408
Balances - Beginning of year	288,408	-
Balances - End of year	$ 210,803	$ 288,408

Reconciliation of operating income to net cash provided by operating activities

	2019	2018
Operating loss	$ (9,717)	$ (6,087)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Net effect of changes in:		
Accounts receivable	136,964	(236,955)
Due from BAHA	121,664	(773,279)
Due from other governments	1,606	(1,606)
Prepaid expenses	6,552	(7,607)
Accounts payable and accrued expenses	62,066	83,603
Due to condominium owners	(406,457)	1,224,213
Unearned revenue	-	49
Other nonoperating revenue	-	891
Net cash provided by / (used in) operating activities	$ (87,322)	$ 283,212

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

1. Organization

The 375 Beale Condominium Corporation ("375 Beale Condo") was incorporated on June 22, 2017 in the state of California under the Non-profit Mutual Benefit Corporation Law (California Corporations Code section 7110 *et seq*.). 375 Beale Condo is an association of the three condominium unit owners: Bay Area Headquarters Authority (BAHA), Bay Area Air Quality Management District (BAAQMD), and Association of Bay Area Governments (ABAG), in the property known as 375 Beale Street, San Francisco, California (the Property). The Property has been subdivided into four condominium units: two units are owned by BAHA, one unit is owned by BAAQMD, and one unit is owned by ABAG. 375 Beale Condo is formed to manage the common interest development in the Property under the Commercial and Industrial Common Interest Development Act and within the meaning of Section 501 (c)(4) of the Internal Revenue Code. 375 Beale Condo's governing board consists of four directors appointed by the owners of each unit.

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 to provide for the joint exercise of powers common to Metropolitan Transportation Commission (MTC) and the Bay Area Toll Authority (BATA). 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, corporations and any governmental entities.

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.

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.

BAAQMD was created by the California Legislature in 1955 as the first regional agency to deal with air pollution in California. BAAQMD is authorized to regulate stationary sources of air pollution and agricultural burning and enact certain transportation and mobile source measures. BAAQMD's jurisdiction includes the City and County of San Francisco and the Counties of Alameda; Contra Costa, Marin, Napa, San Mateo, Santa Clara, south-western Solano County, and southern Sonoma County.

ABAG was established in 1961 by an agreement among its members – counties and cities of the San Francisco Bay Area pursuant to the Joint Exercise of Powers Act, California

Government Code Section 6500 *et seq.* As the regional council of governments, ABAG serves as a permanent forum to discuss and study matters of interest and concerns, develop policies and action plans, as well as provide services that members need. On July 1, 2017 ABAG's staff and functions were consolidated to MTC under a Contract for Services agreement signed on May 30, 2017.

2. Summary of Significant Accounting Policies

Basis of Accounting and Financial Statement Presentation

The financial statements for 375 Beale Condo 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. 375 Beale Condo follows standards of Governmental Accounting Standard Board (GASB) for financial statements presentation.

New Accounting Pronouncements

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses requirements regarding the retirement of certain tangible assets for all state and local governments. The requirements of this statement are effective for reporting periods beginning after June 15, 2018. This standard did not have any impact on 375 Beale Condo's financial statements.

GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. This Standard is not expected to have any impact on 375 Beale Condo's financial statements.

GASB Statement No. 85, *Omnibus 2017*, addresses various practice issues including related blending component units, goodwill, fair value measurement and application, and other postemployment benefits (OPEB). The requirements of this statement are effective for reporting periods beginning after June 15, 2017. This standard did not have any impact on 375 Beale Condo's financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, provides guidance to improve consistency in accounting and financial reporting for in-substance defeasance of debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2017. This standard did not have any impact on 375 Beale Condo's financial statements.

GASB Statement No. 87, *Leases*, is 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 December 15, 2019. This Standard is not expected to have any impact on 375 Beale Condo's financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, provides additional essential information related to the debt disclosure in notes to financial statements. This statement clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. This Standard did not have any impact on 375 Beale Condo'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, 2019. This Standard is not expected to have any impact on 375 Beale Condo's financial statements.

GASB Statement No. 90, *Majority Equity Interests*, provides guidance on how to improve reporting of Majority Equity Interests. This statement improves the consistency and comparability of reporting a government's majority equity interest in legally separate organizations and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. This Standard is not expected to have any impact on 375 Beale Condo's financial statements.

GASB Statement No. 91, *Conduit Debt Obligations*, provides 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, 2020. This Standard is not expected to have any impact on 375 Beale Condo's financial statements.

Cash

375 Beale Condo considers all balances held on deposit at banks to be cash.

Assessment Fees

Assessment fees represent charges levied and collected from the condominium unit owners for the purpose of meeting the operations and maintenance obligations incurred by 375 Beale Condo. 375 Beale Condo collects two types of assessment fees: common area assessment fee and shared services assessment fees. Assessment fees are predetermined annually by the budget approved by the board. Any year-end surplus from the condominium operations will be credited to the three condominium unit owners and paid the following fiscal year.

Allocation of Common Area Expenses

The CC&Rs summarize the operating, maintenance, and management expenses incurred by 375 Beale Condo in the common area of the Property into two categories: facility common expenses and agency common expenses. Facility common expenses are the expenses that are incurred for the benefit of both the agency space and the commercial space; whereas agency common expenses are the expenses that are incurred solely for the benefit of the three agency owners, excluding BAHA's commercial space. Common area expenses are allocated to the three agency owners based on the percentage ownership interest set forth in the CC&Rs.

Use of Estimates

The preparation of these financial statements 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.

3. Due from BAHA / Due to condominium owners

BAHA is the facility operator responsible for daily operations of 375 Beale Condo. As of June 30, 2019 and 2018, Due from BAHA consists of the following:

	2019	2018
Due from common area operations	$ 236,101	$ 347,910
Assessment fees collected by BAHA refunded by 375 Beale Condo	415,514	425,369
Total Due from BAHA	$ 651,615	$ 773,279

Any surplus from 375 Beale Condo operations at the year-end will be refunded to the condominium unit owners. The excess assessment fees to be refunded to MTC / BATA and BAAQMD at June 30, 2019 and 2018 are as follows:

	2019	2018
MTC / BATA *	487,493	738,929
BAAQMD	324,120	485,274
Total Due to Condominium Owners	811,613	1,224,203

* BAHA's assessment fees are paid by MTC and BATA.
In fiscal year 2019, due to MTC/BATA is $493,626, including $6,133 expense reimbursment.

4. Allocation of Assessment Fees / Common Area Expenses

Assessment fees and Common area expenses are allocated based on the percentage of each agency owner's rentable square footage (RSF) to the total RSF of the three agency owners excluding the BAHA commercial portion. For fiscal year 2018, the agency owners' RSF and the percentage to the total are as the following:

	BAHA	BAAQMD	ABAG	Total
Total Agency Space RSF	99,817	77,163	17,687	194,667
% of Total	51.28%	39.64%	9.08%	100.00%

Due to the sale of space on the 8th floor from BAHA to BAAQMD, starting from December 2018, the agency owners' RSF and the percentage to the total are as the following:

	BAHA	BAAQMD	ABAG	Total
Total Agency Space RSF	89,154	88,741	17,687	195,582
% of Total	45.58%	45.38%	9.04%	100.00%

5. Subsequent Events

375 Beale Condo has evaluated subsequent events for the period from June 30, 2019 through October xx, 2019, the date the financial statements were available to be issued, and no material subsequent events have been identified.

Other Supplementary Information

375 Beale Condominium Corporation
Assessment Fees Allocation (unaudited)
For the Year Ended June 30, 2019

For the fiscal year ended June 30, 2019, total assessment fees collected by 375 Beale Condo are as follows:

	BAHA *	BAAQMD	ABAG	375 Beale Condo Total
Assessment fees	$ 2,827,460	$ 2,300,404	$ 335,000	$ 5,462,864
Refund of excess assessment fees	(487,493)	(324,120)	-	(811,613)
Total assessment fees	2,339,967	1,976,284	335,000	4,651,251

* BAHA's assessment fees are paid by MTC and BATA.

375 Beale Condominium Corporation
Operating Expenses Allocation (unaudited)
For the Year Ended June 30, 2019

For the fiscal year 2019, the total common area expenses for the condominium unit owners are as follows:

	BAHA	BAAQMD	ABAG	375 Beale Condo Total
Cleaning service	$ 311,932	$ 280,447	$ 59,011	$ 651,390
Repairs and maintenance	303,671	273,037	57,458	634,166
Utilities	293,874	259,208	55,114	608,196
Security	179,958	161,174	33,991	375,123
Property management service	90,883	81,918	17,215	190,016
Professional fees	41,197	36,991	7,790	85,977
Computer maintenance and services	120,422	109,509	22,893	252,824
Parking service	55,905	50,266	10,578	116,749
Taxes / licenses / permits	8,502	7,624	1,607	17,733
Insurance	59,878	53,650	11,312	124,839
Other expenses	39,182	34,400	7,335	80,917
Total common area expenses	$ 1,505,404	$ 1,348,224	$ 284,304	$ 3,137,932

For the fiscal year 2019, the total shared services expenses for the condominium unit owners are as follows:

	BAHA	BAAQMD	ABAG	375 Beale Condo Total
Salaries and benefits	$ 262,594	$ 215,327	$ 47,267	$ 525,188
Communication charges	28,600	23,452	5,148	57,200
Professional fees	68,987	56,568	12,417	137,973
Computer maintenance and services	131,345	107,703	23,642	262,690
Supplies and equipment rental	49,221	40,361	8,860	98,442
Overhead	141,207	115,790	25,417	282,413
Other expenses	75,949	68,859	14,322	159,129
Total shared services expenses	$ 757,903	$ 628,060	$ 137,073	$ 1,523,036

375 Beale Street, Suite 800
San Francisco, CA 94105

Metropolitan Transportation Commission

Legislation Details (With Text)

File #:	19-1100	**Version:** 1	**Name:**		
Type:	Report		**Status:**	Committee Approval	
File created:	9/17/2019		**In control:**	MTC Audit Committee	
On agenda:	10/23/2019		**Final action:**		
Title:	Bay Area Infrastructure Financing Authority Financial Statements for FY 2018-19				
Sponsors:					
Indexes:					
Code sections:					
Attachments:	3d_Bay Area Infrastructure Financing Authority Financial Statements for FY 2018-19.pdf				

Date	Ver.	Action By	Action	Result

Subject:
Bay Area Infrastructure Financing Authority Financial Statements for FY 2018-19

Presenter:
Arleicka Conley

Recommended Action:
Committee Approval

Bay Area Infrastructure Financing Authority

Financial Statements
As of and for the Years Ended June 30, 2019 and 2018

Bay Area Infrastructure Financing Authority
Table of Contents
As of and for the Years Ended June 30, 2019 and 2018

Report of Independent Auditors

To the Members of the Committee of the
Bay Area Infrastructure Financing Authority:

We have audited the accompanying financial statements of the Bay Area Infrastructure Financing Authority ("BAIFA"), a discretely presented component unit of the Metropolitan Transportation Commission, which consist of the statement of net position as of June 30, 2019 and 2018 and the related statements of revenues, expenses and changes in net position and of cash flows for the years then ended.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bay Area Infrastructure Financing Authority as of June 30, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management's Discussion and Analysis

The accompanying management's discussion and analysis ("MD&A") on pages 3 through 4 is required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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 Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Other Supplementary Information is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

DRAFT
San Francisco, California
Month XX, 2019

Management's Discussion and Analysis

This financial report is designed to provide a general overview of the Bay Area Infrastructure Financing Authority (BAIFA), a discretely 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 years ended June 30, 2019 and 2018. 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 civil construction for MTC's second express lanes on Interstate 880 between Fremont and Oakland is about 90 percent complete as of May 2019. The construction for a new southbound express lane on Interstate 680 between Martinez and Walnut Creek started in October 2018. This new express lane is anticipated to open to traffic in 2021.

A. Financial Highlights

- The opening of the I-680 Contra Costa Express Lanes between Walnut Creek and San Ramon, both north and south bound on October 9, 2017, is the first segment of the planned 270 mile Express Lanes Network.

- BAIFA's operating revenues were $13.7 million and $9.1 million with net operating income of $6.3 million and $5 million in fiscal years 2019 and 2018 respectively.

B. Overview of the Financial Statements

BAIFA's financial statements include *Statements of Net Position*, *Statements of Revenues, Expenses and Changes in Net Position*, and *Statements of Cash Flows*. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

The *Statements of Net Position* report assets, liabilities, deferred out/inflows of resources, and the difference as net position. The *Statements of Revenues, Expenses, and Changes in Net Position* consist of operating revenues and expenses and nonoperating revenues and expenses. The *Statements of Cash Flows* are presented using the direct method.

Statements of Net Position, *Statements of Revenues, Expenses and Changes in Net Position, and Statements of Cash Flows* are presented on pages 7 – 10 of this report.

C. Financial Analysis

Statements 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:

	2019	2018
Cash	$ 13,948,848	$ 7,893,198
Accounts receivable	809,657	760,562
Other assets	6,724	3,562
Total assets	14,765,229	8,657,322
Deferred outflows	327,919	173,980
Current liabilities	3,214,426	676,965
Non-current liabilities	100,357	173,326
Total liabilities	3,314,783	850,291
Deferred inflows	143,583	32,017
Net position		
Unrestricted	11,634,782	7,948,994
Total net position	$ 11,634,782	$ 7,948,994

Cash increased by $6,055,650 in fiscal year 2019. The increase is a result of revenues from a full operating year. Accounts receivables increased by $49,095 in fiscal year 2019. The increase is mainly due to increase of $304,600 in violation accrual offset by decrease of $256,768 in receivables from the FasTrak® Regional Customer Service Center (RCSC).

Current liabilities increased by $2,537,461 in fiscal year 2019 mainly due to the accrual of system maintenance expenses.

Statements 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:

	2019	2018
Operating revenues		
Toll revenues collected	$ 13,672,704	$ 9,080,738
Total operating revenues	13,672,704	9,080,738
Operating expenses		
Express lane operating expenses	5,800,758	2,739,164
Other operating expenses	1,541,079	1,364,493
Total operating expenses	7,341,837	4,103,657
Net operating income	6,330,867	4,977,081
Nonoperating revenues (expenses)		
Interest income	269,921	56,913
Contribution from BATA	-	2,915,000
Return of contribution to BATA	(2,915,000)	-
Total nonoperating revenues (expenses)	(2,645,079)	2,971,913
Change in net position	3,685,788	7,948,994
Net position - beginning	7,948,994	-
Net position - ending	$ 11,634,782	$ 7,948,994

BAIFA's operating revenues increased by $4,591,966 in fiscal year 2019. The $4.6 million increase is a result of a full fiscal year revenue compared to only nine months in fiscal year 2018. Total operating expenses increased by $3,238,180 in fiscal year 2019. The $3.2 million increase is mainly due to increases of $1.9 million in RCSC charges and system maintenance expenses, $1.2 million in consulting and professional fees and approximately $0.1 million in other operating expenses.

D. Notes to the Financial Statements

The notes to the financial statements, beginning on page 11, 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

The Bay Area economy continues to grow from previous years. The region's unemployment rate remains low at 3 percent as of June 30, 2019, and sales tax revenue has increased by 8.3 percent and 4.3 percent for fiscal years 2019 and 2018 respectively. The growing economy has positively impacted the usage of the San Francisco Bay Area express lanes.

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
Statements of Net Position
June 30, 2019 and 2018

	2019	2018
Assets		
Current assets		
Cash	$ 13,948,848	$ 7,893,198
Accounts receivable	575,018	269,155
Due from other governments	234,639	491,407
Prepaid expenses	3,332	3,562
Total current assets	14,761,837	8,657,322
Non-current assets		
Net pension assets	3,392	-
Total non-current assets	3,392	-
Total Assets	14,765,229	8,657,322
Deferred outflows of resources		
Deferred outflows from pension	144,175	110,494
Deferred outflows from OPEB	183,744	63,486
Total deferred outflows of resources	327,919	173,980
Liabilities		
Current liabilities		
Accounts payable	900,139	396,551
Accrued liabilities	2,277,858	28,570
Due to other governments	-	218,838
Compensated absences liabilities	36,429	33,006
Total current liabilities	3,214,426	676,965
Non-current liabilities		
Net pension liabilities	-	87,276
Net OPEB liabilities	59,445	51,021
Compensated absences liabilities	40,912	35,029
Total non-current liabilities	100,357	173,326
Total Liabilities	3,314,783	850,291
Deferred inflows of resources		
Deferred inflows from pension	143,583	32,017
Total deferred inflows of resources	143,583	32,017
Net Position		
Unrestricted	11,634,782	7,948,994
Total net position	$ 11,634,782	$ 7,948,994

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

Bay Area Infrastructure Financing Authority
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2019 and 2018

	2019	2018
Operating Revenues		
Toll revenues collected	$ 11,730,498	$ 7,850,387
Other operating revenues	1,942,206	1,230,351
Total operating revenues	13,672,704	9,080,738
Operating Expenses		
Salaries and benefits	681,387	681,675
Professional fees	5,800,758	2,739,164
Bank charges	375,391	285,408
Overhead	393,367	334,322
Other operating expenses	90,934	63,088
Total operating expenses	7,341,837	4,103,657
Operating income	6,330,867	4,977,081
Nonoperating Revenues (Expenses)		
Interest income	269,921	56,913
Contribution from BATA	-	2,915,000
Return of contribution to BATA	(2,915,000)	-
Total nonoperating revenues (expenses)	(2,645,079)	2,971,913
Change in Net Position	3,685,788	7,948,994
Net Position - Beginning of year	7,948,994	-
Net Position - Ending of year	$ 11,634,782	$ 7,948,994

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

Bay Area Infrastructure Financing Authority
Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Cash receipts from users and others	$ 13,735,175	$ 8,320,176
Cash payments to suppliers and others	(5,034,446)	(3,398,891)
Net cash provided by operating activities	8,700,729	4,921,285
Cash flows from non-capital financing activities		
Contribution from BATA	-	2,915,000
Return of contribution to BATA	(2,915,000)	-
Net cash provided by / (used in) non-capital financing activities	(2,915,000)	2,915,000
Cash flows from investing activities		
Interest and dividends on investments	269,921	56,913
Net cash provided by investing activities	269,921	56,913
Net increase in cash	6,055,650	7,893,198
Balances - Beginning of year	7,893,198	-
Balances - End of year	$ 13,948,848	$ 7,893,198

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

Reconciliation of operating income to net cash provided by operating activities	2019	2018
Operating income	$ 6,330,867	$ 4,977,081
Adjustments to reconcile operating income to net cash provided by operating activities:		
Net effect of changes in:		
Accounts receivable	(305,863)	(760,562)
Prepaid expenses	231	(3,562)
Deferred outflows from pension	(33,681)	(110,494)
Deferred outflows from OPEB	(120,258)	(63,486)
Accounts payable and accrued expenses	2,752,875	425,121
Due from/(to) other governments	37,930	218,838
Net pension liability	(90,668)	87,276
Net OPEB liability	8,424	51,021
Compensated absences liability	9,306	68,035
Deferred inflows from pension	111,566	32,017
Net cash provided by operating activities	$ 8,700,729	$ 4,921,285

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.

BAIFA's governing body consists 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.

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.

BAIFA 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 BAIFA's liabilities or other obligations.

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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This standard establishes new accounting and financial reporting requirements for those governments whose employees are provided with other post employment benefits (OPEB), as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. BAIFA adopted this standard for fiscal year ended June 30, 2018. For additional information on the impact of adoption of GASB Statement No. 75, see MTC's Comprehensive Annual Financial Report Note 9.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses requirements regarding the retirement of certain tangible assets for all state and local governments. The requirements of this statement are effective for reporting periods beginning after June 15, 2018. This standard did not have any impact on BAIFA's financial statements.

GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. Management is currently evaluating the effect of this standard on BAIFA's financial statements.

GASB Statement No. 85, *Omnibus 2017*, addresses various practice issues including related blending component units, goodwill, fair value measurement and application, and other postemployment benefits (OPEB). The requirements of this statement are effective for reporting periods beginning after June 15, 2017. This standard did not have any impact on BAIFA's financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, provides guidance to improve consistency in accounting and financial reporting for in-substance defeasance of debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2017. This standard did not have any impact on BAIFA's financial statements.

GASB Statement No. 87, *Leases*, is 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 December 15, 2019. Management is currently evaluating the effect of this standard on BAIFA's financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, provides additional essential information related to the debt disclosure in notes to financial statements. This statement clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. This standard did not have any 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, 2019. Management is currently evaluating the effect of this standard on BAIFA's financial statements.

GASB Statement No. 90, *Majority Equity Interests*, provides guidance on how to improve reporting of Majority Equity Interests. This statement improves the consistency and comparability of reporting a government's majority equity interest in legally separate organizations and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management is currently evaluating the effect of this standard on BAIFA's financial statements.

GASB Statement No. 91, *Conduit Debt Obligations*, provides 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, 2020. Management is currently evaluating the effect of this standard on BAIFA's financial statements.

Cash and Investments

BAIFA considers all balances held on deposit at banks to be cash.

Prepaid Expenses

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

Net Pension Assets

Net pension assets are assets that employers have from the excess of the contribution to the pension plan.

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

The liabilities employers have for the employee benefits provided through defined benefit pension and OPEB plans.

Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

Toll Revenues Collected

BAIFA recognizes the toll revenue as amounts are collected from the utilization of the express lanes.

Other Operating Revenues

BAIFA recognizes the violation fees and penalties collected as other operating revenues.

Contribution from / return of contribution to BATA

The contribution from BATA represents the contribution BAIFA received from BATA. The return of contribution to BATA represents the repayment to BATA for the initial operating 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.

3. Retirement Plan

MTC, the primary government, 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).

MTC allocated BAIFA's pension liability related balances based on BAIFA's proportional share of total salaries.

In fiscal year 2019, BAIFA has net pension assets of $3,392, deferred outflows from pension $144,175, deferred inflows from pension of $143,583, and pension expenses of $65,711.

For additional information on employees' retirement plan, refer to MTC's Comprehensive Annual Financial Report Note 8. A copy of MTC's Comprehensive Annual Financial Report may be obtained by writing to the Chief Financial Officer, Metropolitan Transportation Commission, 375 Beale Street, Suite 800, San Francisco, CA 94105.

4. Other Post Employment Healthcare Benefits (OPEB)

MTC, the primary government, provides post-employment medical coverage to all eligible retired employees and their eligible dependents. MTC established a Section 115 irrevocable benefit trust fund for its post-employment benefit plan with the Public Agency Retirement Services (PARS).

BAIFA adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans* in fiscal year 2018.

MTC allocated the OPEB liability related balances to BAIFA based on BAIFA's proportional share of total salaries.

In fiscal year 2019, BAIFA has net post employment healthcare benefit liability of $59,445, deferred outflows from OPEB of $183,744, and OPEB expenses of $46,432.

For additional information on employees' OPEB plan, refer to MTC's Comprehensive Annual Financial Report Note 9.

5. 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 up to a maximum of 500 hours per employee.

MTC allocated the compensated absences liability related balance to BAIFA based on BAIFA's proportional share of total salaries. In fiscal year 2019, BAIFA has compensated absences liability of $36,429 for short term and $40,912 for long term. For additional information on compensated absences, refer to MTC's Comprehensive Annual Financial Report Note 10.

6. 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.

7. Subsequent Events

In June 2019, BAIFA board approved the transfer of Express Lanes Capital Program from BATA to BAIFA. BATA has been housing the Express Lanes Capital Program since the establishment of the project in FY2012-13. In October 2017, the first BAIFA Express Lanes entered into operation. As additional express lanes go into the operating phase, it is more appropriate to transfer the capital program to BAIFA. BATA will transfer the Express Lanes Capital Program budget and fixed asset balance to BAIFA in FY 2019-20.

Other Supplementary Information

Bay Area Infrastructure Financing Authority
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

* Nine months ended as of June 30, 2018.