

Bay Area Infrastructure Financing Authority

Financial Statements

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

Bay Area Infrastructure Financing Authority
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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

Bay Area Infrastructure Financing Authority

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

Management's Discussion and Analysis (unaudited)

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.

Bay Area Infrastructure Financing Authority
Financial Statements as of and for the Years Ended June 30, 2019 and 2018
Management's Discussion and Analysis (unaudited)

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.

Bay Area Infrastructure Financing Authority
Financial Statements as of and for the Years Ended June 30, 2019 and 2018
Management's Discussion and Analysis (unaudited)

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	<u>13,672,704</u>	<u>9,080,738</u>
Operating expenses		
Express lane operating expenses	5,800,758	2,739,164
Other operating expenses	<u>1,541,079</u>	<u>1,364,493</u>
Total operating expenses	<u>7,341,837</u>	<u>4,103,657</u>
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	<u>(2,915,000)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(2,645,079)</u>	<u>2,971,913</u>
Change in net position	3,685,788	7,948,994
Net position - beginning	<u>7,948,994</u>	<u>-</u>
Net position - ending	<u>\$ 11,634,782</u>	<u>\$ 7,948,994</u>

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.

Bay Area Infrastructure Financing Authority
Financial Statements as of and for the Years Ended June 30, 2019 and 2018
Management's Discussion and Analysis (unaudited)

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	<u>14,761,837</u>	<u>8,657,322</u>
Non-current assets		
Net pension assets	3,392	-
Total non-current assets	<u>3,392</u>	<u>-</u>
Total Assets	<u>14,765,229</u>	<u>8,657,322</u>
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	<u>327,919</u>	<u>173,980</u>
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	<u>3,214,426</u>	<u>676,965</u>
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	<u>100,357</u>	<u>173,326</u>
Total Liabilities	<u>3,314,783</u>	<u>850,291</u>
Deferred inflows of resources		
Deferred inflows from pension	143,583	32,017
Total deferred inflows of resources	<u>143,583</u>	<u>32,017</u>
Net Position		
Unrestricted	<u>11,634,782</u>	<u>7,948,994</u>
Total net position	<u>\$ 11,634,782</u>	<u>\$ 7,948,994</u>

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	<u>13,672,704</u>	<u>9,080,738</u>
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	<u>7,341,837</u>	<u>4,103,657</u>
Operating income	<u>6,330,867</u>	<u>4,977,081</u>
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)	<u>(2,645,079)</u>	<u>2,971,913</u>
Change in Net Position	<u>3,685,788</u>	<u>7,948,994</u>
Net Position - Beginning of year	<u>7,948,994</u>	<u>-</u>
Net Position - Ending of year	<u>\$ 11,634,782</u>	<u>\$ 7,948,994</u>

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	<u>(5,034,446)</u>	<u>(3,398,891)</u>
Net cash provided by operating activities	<u>8,700,729</u>	<u>4,921,285</u>
Cash flows from non-capital financing activities		
Contribution from BATA	-	2,915,000
Return of contribution to BATA	<u>(2,915,000)</u>	<u>-</u>
Net cash provided by / (used in) non-capital financing activities	<u>(2,915,000)</u>	<u>2,915,000</u>
Cash flows from investing activities		
Interest and dividends on investments	<u>269,921</u>	<u>56,913</u>
Net cash provided by investing activities	<u>269,921</u>	<u>56,913</u>
Net increase in cash	6,055,650	7,893,198
Balances - Beginning of year	<u>7,893,198</u>	<u>-</u>
Balances - End of year	<u><u>\$ 13,948,848</u></u>	<u><u>\$ 7,893,198</u></u>

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

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.

Bay Area Infrastructure Financing Authority
Notes to the Financial Statements
As of and for the Years Ended June 30, 2019 and 2018

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.

Bay Area Infrastructure Financing Authority
Notes to the Financial Statements
As of and for the Years Ended June 30, 2019 and 2018

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

Bay Area Infrastructure Financing Authority
Notes to the Financial Statements
As of and for the Years Ended June 30, 2019 and 2018

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.

Bay Area Infrastructure Financing Authority
Notes to the Financial Statements
As of and for the Years Ended June 30, 2019 and 2018

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.

Bay Area Infrastructure Financing Authority
Notes to the Financial Statements
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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.

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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

<u>Fiscal Year</u>	<u>Toll Revenues</u>	<u>Trip Count</u>
2018*	\$ 7,850,387	3,850,837
2019	\$ 11,730,498	4,491,172

* Nine months ended as of June 30, 2018.