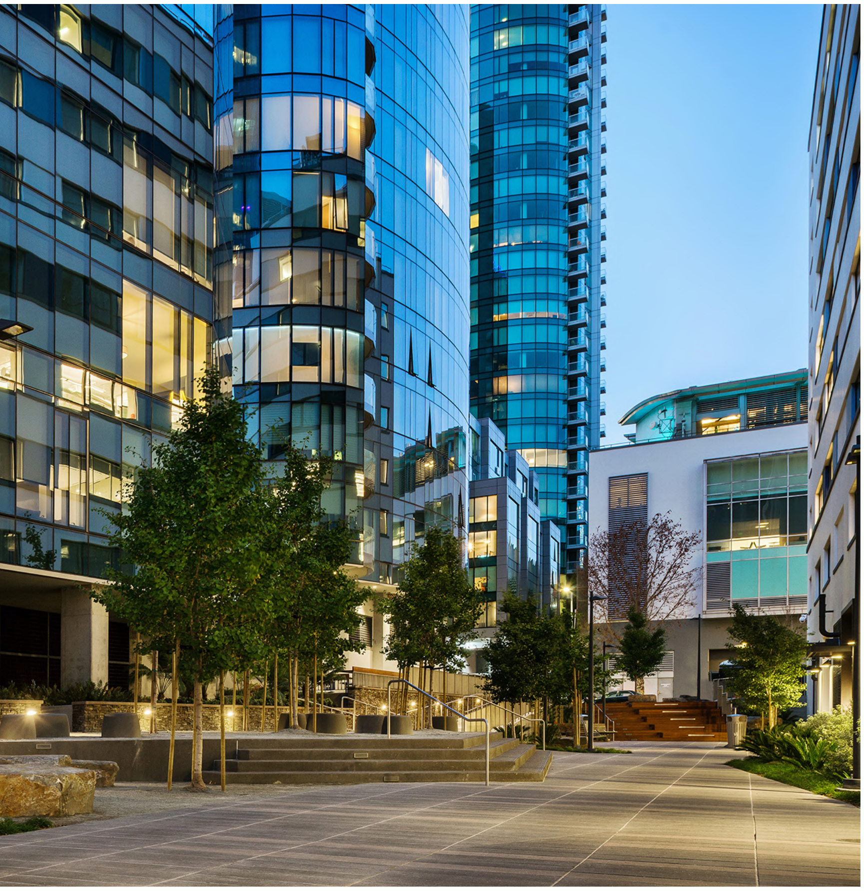
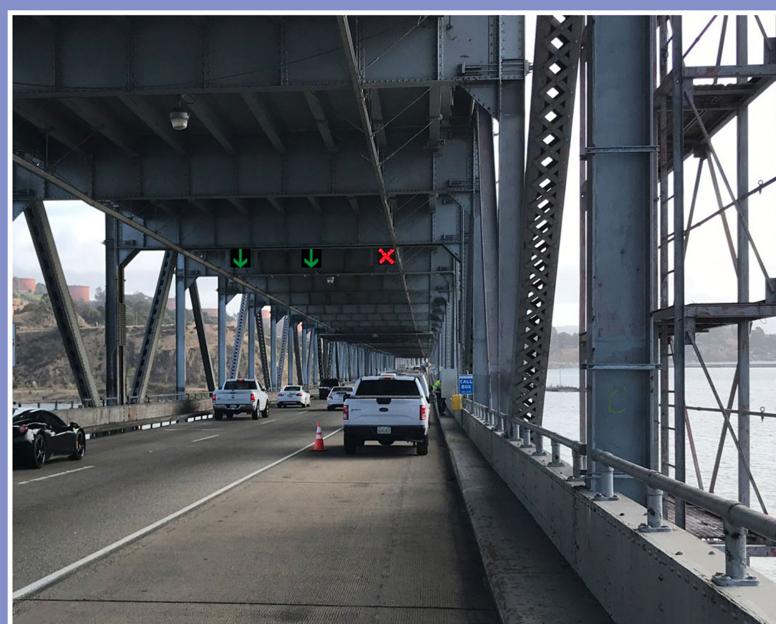


COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Years Ended
June 30, 2018 and June 30, 2017

Prepared by the
MTC Finance Section

State of California



Metropolitan Transportation Commission

Front Cover Credits (Clockwise from upper left):

Rincon Place: *Steelblue*
Ford GoBike e-Bikes: *Jake Stangel*
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I-580 Improvement Project: *Third eastbound lane of Richmond-San Rafael Bridge*

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June 30, 2018 and 2017
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METROPOLITAN
TRANSPORTATION
COMMISSION

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

October 26, 2018

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, 2018. 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, 2018. 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, 2018, are free of material misstatement. In addition MTC is required to undergo a Single Audit of Federal Programs conducted under the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The agency's independent auditors, PricewaterhouseCoopers LLP, have issued an unmodified opinion on the Metropolitan Transportation Commission's financial statements for the year ended June 30, 2018. 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, 2018, 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.

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, 2017. This was the fifteenth 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 May 15, 2018

ABAG Executive Board
David Rabbitt
President

MTC Commission
Jake Mackenzie
Chair

EXECUTIVE DIRECTOR (11)
Steve Heminger
Rosy Leyva
Kimberly Ward
Martha Silver
Rebo Sanchez
Maria Leon
Fred Castro

BARC (2)
Allison Brooks
Vijay Kesavan

OFFICE OF GENERAL COUNSEL (5)
Adrienne Weil*
Cynthia Segal
Matthew Lavrinets
Leslie Miessner
Ron Oguera

DEPUTY EXECUTIVE DIRECTOR LOCAL GOVERNMENT SERVICES
Brad Paul

ESTUARY PARTNERSHIP (12)
Caitlin Sweeney
Director

Adrien Beauhaussel
Joshua Bradt
Rebecca Darr
Naomi Feger (uncertain)
Susan Glendening
Athena Honore
Darcie Luce
Karen McDowell
James Muller
Heidi Nutters
Leslie Perry

ENERGY PROGRAM (5)

Jenny Berg
Ryan Jacoby
Karen Kristiansson
Jerry Lahr

Vacant - 1

ADVANCING CALIFORNIA FINANCE AUTHORITY (1)

Vacant - 1

DEPUTY EXECUTIVE DIRECTOR POLICY
Alix Bockelman

INTEGRATED PLANNING DEPARTMENT (44)
Ken Kirkey
Director

Gillian Adams
Duane Bay
Ophelia Bello
Ben Botkin
Harold Brazil
Dana Brechwald
Tom Buckley
JoAnna Bullock
Ada Chan
Wally Charles
Joshua Croff
Benjamin Espinosa
Maureen Gaffney
Michael Germeraad
Lee Huo
Shimon Israel
Johnny Jaramillo
Cynthia Kroll
Christy Leffall
Bobby Lu
Matt Maloney
Adam Noelting
Kara Oberg
Aksel Olsen
Michael Reilly
Sanna Seelhof
Mark Shorett
Krute Singa
Kearey Smith
Michael Smith
Vikrant Sood
Elizabeth Theocharides
Laura Thompson
Therese Trivedi
Flavia Tsang
Dave Vautin
Michael Ziyambi
Lisa Zorn

Vacant - 5

PROGRAMMING AND ALLOCATIONS (23)
Anne Richman
Director

Anthony Albert
Karl Anderson
Mallory Atkinson
William Bacon
Craig Bosman
Cheryl Chi
Melanie Choy
Adam Crenshaw
Kenneth Folan
Theresa Hannon
Shruti Hari
Christina Hohorst
Robert Jaques
Kenneth Kao
Megan Mangi
Ross McKeown
Theresa Romell
John Saelee
Judis Santos
Drennen Shelton
Su Tan
Glen Tepke

LEGISLATION & PUBLIC AFFAIRS (21)
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Director

Catalina Alvarado
Marcella Aranda
Peter Beeler
Karin Betts
David Cooper
Georgia Gann Dohrmann
John Goodwin
Ellen Griffin
Brenda Kahn
Rebecca Long
Marti Paschal
Christy Rehart (uncertain)
Jay Stagi
Michele Stone
Julie Teglovic
Julie Tunnell
Ursula Vogler
Khristina Wenzinger
Leah Zippert

Vacant – 1

DEPUTY EXECUTIVE DIRECTOR OPERATIONS
Andrew Fremier

ADMINISTRATION & FACILITIES (25)
Courtney Ruby
Director

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DeNiso Blake
Michael Brinton
Luz Campos
Kim Chase
Ryan DeCourt
Jerry Fliner
Chris Fong
Deborah Gaines
Jeremy Gladson
Ashley Gonzalez
Robin James
Sandy Kim
Gertrude Luermann
Ann Macaulay
Irving Maxwell
Andrew Nguyen
Edward Phillips
Alex Predia
Denise Rodrigues
Valerie Stark
Otis White
Michelle Williams

Vacant-1

TECHNOLOGY SERVICES (31)
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Director

Mohamed Alani
Felicia Arias
Gavin Aleahnejad
Nisar Ahmed
Kyle Baker
Janet Banner
Sean Bugler
Shauna Callow
Valerie Campbell
Corey Dodge
Derrick Fester
Brooke Fotheringham
Quell Go
Stephen Hohorst
Pratul Kant
Yong Lee
Joel Markowitz
Gilbert Mingming
Roslyn Morris-Singh
Martin Munoz
Alysha Nachtigall
Fred Parkinson
Bruce Santa
Ravi Selvanayagam
Michelle Tan
Marina Than
Thiru Thiagarajah
Jess Thomas
Alli Williams
Edna Yeh

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Vacant
Director

Kevin Chen
Winnie Chung
Michelle Go
Stefanie Hom
Michael Kerns
Linda Lee
Chris Lillie
Lulu Mao
Maria Morse
Ashley Nguyen
Rob Rich
Brenton Santos-Smith
Toshi Shepard-Ohta

Vacant – 1

FIELD OPERATIONS & ASSET MANAGEMENT (32)
Vacant
Director

Stephen Baker
Luis Barragan
Sarah Burnworth
Kaki Cheung
Rosalynn Chongchaikit
Gio DiFabio
Chelsea Gomulo
Pierce Gould
Kelly Kerr
Lisa Klein
Thomas Larsen
Tristan Loll
Barbara Laurenson
Peter Lee
Angela Louie
Jaime Maldonado
Megan Nangle
Trish Stoops
Gary Sosa
Stephen Terrin
Emily Van Wagner
Stephen Wolf

Vacant - 3

ELECTRONIC PAYMENTS (29)
Carol Kuester
Director

Jessica Barreras
Sarah Barz
Sylvia Cox
Eric Davis
Mark Dinh
Marnie Esprit
Jeff Gerbracht
Michele Gillespie
Shauna Harper
James Hebert
Ben Hoang
Kelley Jackson
Raymond Jackson
Mike Lee
Jim Macrae
Edward Meng
Mey Phu
Wilfred Poon
Melody Reebs
Jill Stalman
Sharon Stokes-Gentry
Noah Turnick
Lynn Valdivia
Jason Weinstein
David Weir
Beth Zelinski

Vacant – 2

FINANCE
Chief Financial Officer
Brian Mayhew

FINANCE & ACCOUNTING (24)
Vacant
Director

Debbie Atmaja
Suzanne Bode
Cindy Chen
Sonia Elsonbaty
Elena Federis
Abbay Haile
Celia Imperial
Girma Kebede
Betty Lam
Michael Lau
Suk Li
Lisa Lobetos
Nancy Louie
Lucy Ng
Sayeo Paiya
Anna Pan
Seema Prasad
Saranya Sundaramani
Raymond Woo
May Yin

Vacant - 4

TREASURY & REVENUE (16)
Susan Woo
Director

Vince Cabrieto
Catherine Cam
Jennifer Lee
William Leung
Christine Lin
Gary Louie
Winnie Lum
Mabel Melkonians
Paul Nijjar
Ya Sin
Jackie Soen
Lourdes Tang
Carmen Wong
Victor Wong

Vacant – 1

291 Approved FY18 Positions
** Advises Commission and Executive Board Directly*

Steve Heminger, Executive Director

COMMISSIONERS

Jake Mackenzie, Chair	Sonoma County and Cities
Scott Haggerty, Vice Chair	Alameda County
Alicia C. Aguirre	Cities of San Mateo County
Tom Azumbrado	U.S. Department of Housing and Urban Development
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
Dorene M. Giacopini	U.S. Department of Transportation
Federal D. Glover	Contra Costa County
Anne W. Halsted	SF Bay Conservation and Development Commission
Nick Josefowitz	San Francisco Mayor's Appointee
Jane Kim	City and County of San Francisco
Sam Liccardo	San Jose Mayor's Appointee
Alfredo Pedroza	Napa County and Cities
Julie Pierce	Association of Bay Area Governments
Libby Schaaf	Oakland Mayor's Appointee
Warren Slocum	San Mateo County
James P. Spering	Solano County and Cities
Tony Tavares	California State Transportation Agency
Amy R. Worth	Cities of Contra Costa County

APPOINTED OFFICIALS

Steve Heminger	Executive Director
Adrienne Weil	Legal Counsel

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Metropolitan Transportation Commission

California

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2017

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, 2018 and 2017, 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, 2018 and 2017, 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.

PricewaterhouseCoopers LLP, Three Embarcadero Center, San Francisco, California 94111
T: (415) 498 5000, F: (415) 498 7100, www.pwc.com/us

Emphasis of Matter

As discussed in Notes 1. L and 9 to the financial statements, in the year ended June 30, 2018 the Commission changed the manner in which it accounts for Postemployment Benefit Plans Other Than Pension Plans. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

The accompanying management's discussion and analysis (MD&A) on pages 10 through 23 and other required supplementary information ("RSI") on pages 108 through 117 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 118 through 139 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 140 through 157 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.

PricewaterhouseCoopers LLP

San Francisco, California
October 26, 2018

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, 2018 and 2017. Except as otherwise stated, all amounts described below are expressed in thousands of dollars.

A. Financial Highlights

Fiscal year 2018 was another busy and productive year for MTC. Sales tax and toll revenue continued to increase as the economy showed signs of continued expansion. The following are some of the highlights from fiscal year 2018:

- Sales tax revenue in the region has rebounded for eight straight years, increasing by 54.7% since fiscal year 2010.
- Clipper®, the region's smart card program for public transit, reached 2.4 million active cards in use in fiscal year 2018, an increase of 34% from fiscal year 2017.
- MTC's first Express Lane project on I-680 Contra Costa Express Lanes opened on October 9, 2017 and collected $7.8 million in toll revenue by the end of fiscal year 2018. Conversion to Express Lanes of the existing I-880 HOV lanes between Oakland and Milpitas started in September 2017 and is slated for completion by early 2020.
- Bay Area Rapid Transit (BART) extension from Pittsburg/Bay Point Station to Antioch opened for passenger rail service on May 26, 2018.
- The third eastbound lane on the Richmond-San Rafael Bridge opened on April 20, 2018.
- The excise tax on gasoline rose 12 cents on November 1, 2017 to 30 cents per gallon authorized through Senate Bill 1.
- MTC entered into a contract for services with ABAG to consolidate the ABAG staff into MTC effective July 1, 2017.
- MTC adopted GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in fiscal year 2018.

All MTC operating units, MTC, Bay Area Toll Authority (BATA) and MTC Service Authority for Freeways and Expressways (MTC SAFE) adopted FY 2017-2018 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 2018 and 2017. 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 2018 and 2017 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 smartcard 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 24 - 29 of this report with the accompanying notes being presented on pages 50 - 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 30 - 36 of this report. A schedule detailing the non-major special revenue funds is included on pages 119 - 120 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 109 - 113 of this report. A comparison of budget to actual is also presented for non-major funds on pages 121 - 124.

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 smart card. 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) and Regional Measure 2 (RM 2) programs approved by the voters in 1988 and 2004, 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 37 - 48.

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® smart card 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 49 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 a proprietary fund 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 2018 by $6,220,626 and for fiscal year 2017 by $6,192,472 as illustrated in the following table. This represents decreases in net position for fiscal year 2018 of $28,154 and of $13,955 for fiscal year 2017. 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		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Cash and investments	$ 814,655	$ 818,161	$ 835,265	$ 2,712,718	$ 2,886,639	$ 2,791,326	$ 3,527,373	$ 3,704,800	$ 3,626,591
Receivables	114,872	74,570	83,332	56,450	50,644	53,313	171,322	125,214	136,645
Other assets	824	9,110	8,689	422	412	1,371	1,246	9,522	10,060
Capital assets	569	593	5,359	89,436	78,054	56,525	90,005	78,647	61,884
Total assets	930,920	902,434	932,645	2,859,026	3,015,749	2,902,535	3,789,946	3,918,183	3,835,180
Deferred outflows	12,929	9,289	5,907	497,831	327,324	342,414	510,760	336,613	348,321
Other liabilities	107,509	103,003	79,666	374,400	340,476	387,747	481,909	443,479	467,413
Long term liabilities	31,336	25,598	21,260	10,004,631	9,973,192	9,866,264	10,035,967	9,998,790	9,887,524
Total liabilities	138,845	128,601	100,926	10,379,031	10,313,668	10,254,011	10,517,876	10,442,269	10,354,937
Deferred inflows	346,793	365,493	385,146	(343,337)	(360,494)	(378,065)	3,456	4,999	7,081
Net position:									
Net investment in capital assets	358	364	5,072	89,436	78,054	56,525	89,794	78,418	61,597
Restricted	528,724	489,425	471,623	201,343	200,266	203,559	730,067	689,691	675,182
Unrestricted (deficit)	(70,871)	(72,160)	(24,215)	(6,969,616)	(6,888,421)	(6,891,081)	(7,040,487)	(6,960,581)	(6,915,296)
Total net position	$ 458,211	$ 417,629	$ 452,480	$ (6,678,837)	$ (6,610,101)	$ (6,630,997)	$ (6,220,626)	$ (6,192,472)	$ (6,178,517)

Total cash and investments decreased by $177,427 from fiscal year 2017 to fiscal year 2018 and increased by $78,209 from fiscal year 2016 to fiscal year 2017. The decrease in fiscal year 2018 for the business-type activities is mainly due to the drawdowns for the project expenses in BATA. The increase of $95,313 in fiscal year 2017 for the business-type activities is mainly due to the $300 million new BATA bond issuance. The decrease in governmental fund for fiscal year 2018 of $3,506 is primarily due to the drawdowns of the eBART project of $32,980 offset by the first allocation payment of $25,000 from the State for the SGR program and a receipt of $4,000 from Sonoma County Transportation Authority for the Exchange fund while the decrease in fiscal year 2017 of $17,104 is due to project drawdowns from the Rail and AB664 funds offset by BART's payments for the BART Car Exchange fund.

Deferred outflows increased by $174,147 in fiscal year 2018 following a decrease of $11,708 in fiscal year 2017. The increase in fiscal year 2018 is due to the increase in the deferred amount on bond refunding of $169,755 and the deferred amount from other postemployement benefits of $5,041 and a decrease in the deferred outflow from pension of $650. The decrease in fiscal year 2017 is due to the amortization of the deferred amount of refunding of $17,196 offset by the increase in the deferred outflows from pension of $5,488.

Long-term liabilities increased by $37,177 in fiscal year 2018 after an increase of $111,266 in fiscal year 2017. The increase in fiscal year 2018 is due to the increase in pension liability of $1,923, OPEB liability of $6,920, patron deposits of $1,202 and the long-term bond payable of $106,287 offset by the decrease in derivative instruments of $79,044. The increase in fiscal year 2017 is due to the increase in the long-term bond payable of $260,238 (new bonds issuance) and pension liability of $6,885 offset by a decrease in the valuation of derivative instruments liability of $155,539 and patron deposits of $370.

Other liabilities increased by $38,430 in fiscal year 2018 and decreased by $23,934 in fiscal year 2017. The increase in fiscal year 2018 is due to the increase in the payable to Caltrans by $25,979, unearned revenue of $17,129, the increase in debt payable of $8,125 and due to other funds of $344 offset by the decrease in accounts payable of $8,882 and accrued interest payable of $4,266. Fiscal year 2017 had a timing difference in securities payable, that is the timing between the purchase and settlement of a security that crosses over year end and an increase in accounts payable.

The net position decreased by $28,154 or 0.5 percent in fiscal year 2018 following a decrease of $13,955 or 0.2 percent in fiscal year 2017. The net position of the business-type activities decreased by $68,736 and increased by $20,896 for fiscal years 2018 and 2017 respectively. The decrease in fiscal year 2018 is due to the drawdowns of bond proceeds for project expenses. The increase in fiscal year 2017 is mainly due to the $300,000 new bonds issuance offset by the drawdowns of bond proceeds for project expenses. BATA is the financing arm for the RM 2, Seismic Retrofit and rehabilitation programs. The bond proceeds from BATA's debt obligations are used to reimburse Caltrans 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 $40,582 in fiscal year 2018 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. The decrease in fiscal year 2017 of $34,851 is due to the reduction of State Transit Assistance (STA) receivable due from the State.

ii.) Statement of Activities

The net position for governmental activities increased in fiscal year 2018 and decreased in fiscal year 2017, and the net position for business-type activities decreased in fiscal year 2018 and increased in 2017. The increase in net position in governmental activities in fiscal year 2018 is due to an increase in program revenues from the State offset by a decrease in allocation to other agencies expenses. The decrease in fiscal year 2017 is due to an increase in allocation to other agencies expenses offset by the gain on sale of capital assets and an increase in operating grants from local agencies.

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

The decrease in net position for business-type activities for fiscal year 2018 is the result of increases in BATA project financing and expense activities. The increase in net position for business-type activities for fiscal year 2017 is due to the $300,000 new bond issuance less drawdowns of bond proceeds for project expenses. A breakdown of this activity is illustrated in the table below.

Metropolitan Transportation Commission's Statement of Activities

	Governmental Activities			Business-Type Activities			Total		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Revenues:									
Program Revenues:									
Charges for service	$ -	$ -	$ -	$ 785,383	$ 772,292	$ 760,872	$ 785,383	$ 772,292	$ 760,872
Operating grants and contributions	303,748	247,211	233,919	90,664	88,931	102,705	394,412	336,142	336,624
Capital grants and contributions	-	-	-	11,294	9,220	3,559	11,294	9,220	3,559
General revenues:									
Investment earnings	9,426	4,257	2,877	105,878	171,808	(175,358)	115,304	176,065	(172,481)
Return of contribution from BAHA	-	-	-	-	29,700	-	-	29,700	-
Gain (loss)on sale of capital assets	-	6,628	-	(127)	1,378	-	(127)	8,006	-
Total revenues	313,174	258,096	236,796	993,092	1,073,329	691,778	1,306,266	1,331,425	928,574
Expenses:									
General government	87,487	103,883	77,038	-	-	-	87,487	103,883	77,038
Allocation to other agencies	192,139	204,295	156,045	-	-	-	192,139	204,295	156,045
Toll bridge activities	-	-	-	988,187	980,645	935,544	988,187	980,645	935,544
Clipper® smart card	-	-	-	44,885	45,094	44,090	44,885	45,094	44,090
Congestion relief	-	-	-	10,569	11,463	10,419	10,569	11,463	10,419
Total expenses	279,626	308,178	233,083	1,043,641	1,037,202	990,053	1,323,267	1,345,380	1,223,136
Change in net position before transfers	33,548	(50,082)	3,713	(50,549)	36,127	(298,275)	(17,001)	(13,955)	(294,562)
Transfers in/(out)	17,142	15,231	16,984	(17,142)	(15,231)	(16,984)	-	-	-
Changes in net position	50,690	(34,851)	20,697	(67,691)	20,896	(315,259)	(17,001)	(13,955)	(294,562)
Net position - Beginning	407,521 **	452,480	431,783	(6,611,146)**	(6,630,997)	(6,315,738)*	(6,203,625)**	(6,178,517)	(5,883,955)*
Net position - Ending	$ 458,211	$ 417,629	$ 452,480	$ (6,678,837)	$ (6,610,101)	$ (6,630,997)	$ (6,220,626)	$ (6,192,472)	$ (6,178,517)

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

* In fiscal year 2016 beginning balance was restated due to adoption of GASB Statement No. 72. See Note 1C for further information.

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.

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

Additional explanation is included in the discussion of business-type activities as well as the schedule of governmental funds.

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		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Revenues:									
Toll revenues	$ 727,350	$ 720,784	$ 714,132	$ -	$ -	$ -	$ -	$ -	$ -
Other operating revenues	28,379	26,477	22,830	6,706	6,716	6,590	22,948	18,315	17,319
Total revenues	755,729	747,261	736,962	6,706	6,716	6,590	22,948	18,315	17,319
Operating expenses:									
Operating expenses incurred by Caltrans/Transbay JPA	30,382	29,710	30,193	-	-	-	-	-	-
Other operating expenses	137,838	135,508	119,461	10,569	11,463	10,371	36,327	34,276	33,157
Total operating expenses	168,220	165,218	149,654	10,569	11,463	10,371	36,327	34,276	33,157
Operating income/(loss)	587,509	582,043	587,308	(3,863)	(4,747)	(3,781)	(13,379)	(15,961)	(15,838)
Nonoperating revenues/(expenses)									
Investment income/(charges)	105,499	171,697	(175,381)	281	72	14	98	39	9
BABs interest subsidy	71,451	71,298	71,260	-	-	-	-	-	-
Interest expense	(455,268)	(452,372)	(443,036)	-	-	-	-	-	-
Financing fees	(3,353)	(3,371)	(3,248)	-	-	-	-	-	-
Other nonoperating expense	(11,677)	(10,377)	(710)	-	-	(1)	-	-	-
Operating grants	9,665	9,535	8,920	6,956	6,574	6,948	8,163	7,280	15,261
Distributions to other agencies for capital purposes	(346,755)	(349,307)	(337,970)	-	-	(47)	(8,558)	(10,818)	(10,933)
Return of contribution from BAHA	-	29,700	-	-	-	-	-	-	-
Capital contribution to BAHA	-	-	(926)	-	-	-	-	-	-
Contribution to BAIFA	(2,915)	-	-	-	-	-	-	-	-
Gain (loss) on sale of capital assets	-	757	-	(127)	621	-	-	-	-
Other nonoperating revenues	2,592	1,525	2,200	-	-	-	3,131	1,939	1,675
Total nonoperating revenues/(expenses)	(630,761)	(530,915)	(878,891)	7,110	7,267	6,914	2,834	(1,560)	6,012
Change in net position before contribution and transfers	(43,252)	51,128	(291,583)	3,247	2,520	3,133	(10,545)	(17,521)	(9,826)
Transfers	(32,884)	(29,316)	(31,244)	(738)	(310)	(904)	16,480	14,395	15,164
Change in net position	(76,136)	21,812	(322,827)	2,509	2,210	2,229	5,935	(3,126)	5,338
Net position - Beginning	(6,641,353) **	(6,662,357)	(6,339,530) *	25,269 **	23,118	20,889	4,938 **	8,242	2,904
Net position - Ending	$ (6,717,489)	$ (6,640,545)	$ (6,662,357)	$ 27,778	$ 25,328	$ 23,118	$ 10,873	$ 5,116	$ 8,242

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

* In fiscal year 2016 beginning balance was restated due to adoption of GASB Statement No. 72. See Note 1C for further information.

BATA is the largest of MTC's business-type activities and one of the highest-rated transportation enterprises in the country.

BATA's toll revenue increased by $6,566 and $6,652 in fiscal years 2018 and 2017 respectively. The total number of paid toll vehicles for all bridges increased by 1.1 percent in fiscal year 2018 and 1.2 percent in fiscal year 2017. Paid traffic increased on all bridges for fiscal year 2018 while San Francisco Oakland Bay Bridge had a decrease of 0.13 percent in fiscal year 2017. The revenues increased for both fiscal years mainly as a result of increased paid traffic from two-axle vehicles. Detailed traffic count is available in the Statistical Section, Table 8.

BATA's other operating revenues, consisting primarily of toll violation payments, increased by $1,902 in fiscal year 2018 compared to an increase of $3,647 in fiscal year 2017. The violation revenue increase for fiscal year 2018 was due to increased traffic and a new and more efficient toll collection system.

BATA's total operating expenses rose by $3,002 in fiscal year 2018 and by $15,564 in fiscal year 2017. The increase in fiscal year 2018 is due to the increase in project costs reimbursements to other agencies of $2,394, depreciation expense of $2,002, salaries and bank charges of $2,076, Caltrans, Transbay terminal and FasTrak® service center operating costs of $1,497, offset by a decrease in the purchase of toll tags of $4,750, and other miscellaneous expenses of $161. The increase in fiscal year 2017 includes reimbursements for project costs to other agencies of $7,787, increase in purchase of toll tags for the express lanes and the bridges and additional demand of $3,979, and $1,384 for assessments for the new building.

BATA's net investment income decreased by $66,198 in fiscal year 2018, and the net investment income increased by $347,078 in fiscal year 2017. In fiscal year 2018, net investment income was comprised of $26,455 of investment earnings and $79,044 of unrealized gain on derivative instruments. In fiscal year 2017, net investment income was comprised of $16,159 of investment earnings and $155,539 of unrealized gain on derivative instruments. The $79,044 and $155,539 gain on derivative instruments in fiscal years 2018 and 2017 respectively, represents a change in the market valuation of certain interest rate swaps that do not qualify for hedge accounting. The investment income increased in fiscal year 2018 from fiscal year 2017 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 $153 in fiscal year 2018 is due to a lower subsidy rate reduction compared to fiscal year 2017. As a result of the federal budget sequestration, the subsidy payments were reduced by 6.9% for the first quarter and 6.6% for the last three quarters in fiscal year 2018 compared to a reduction of 6.8% in the first quarter and 6.9% for the last three quarters in fiscal year 2017.

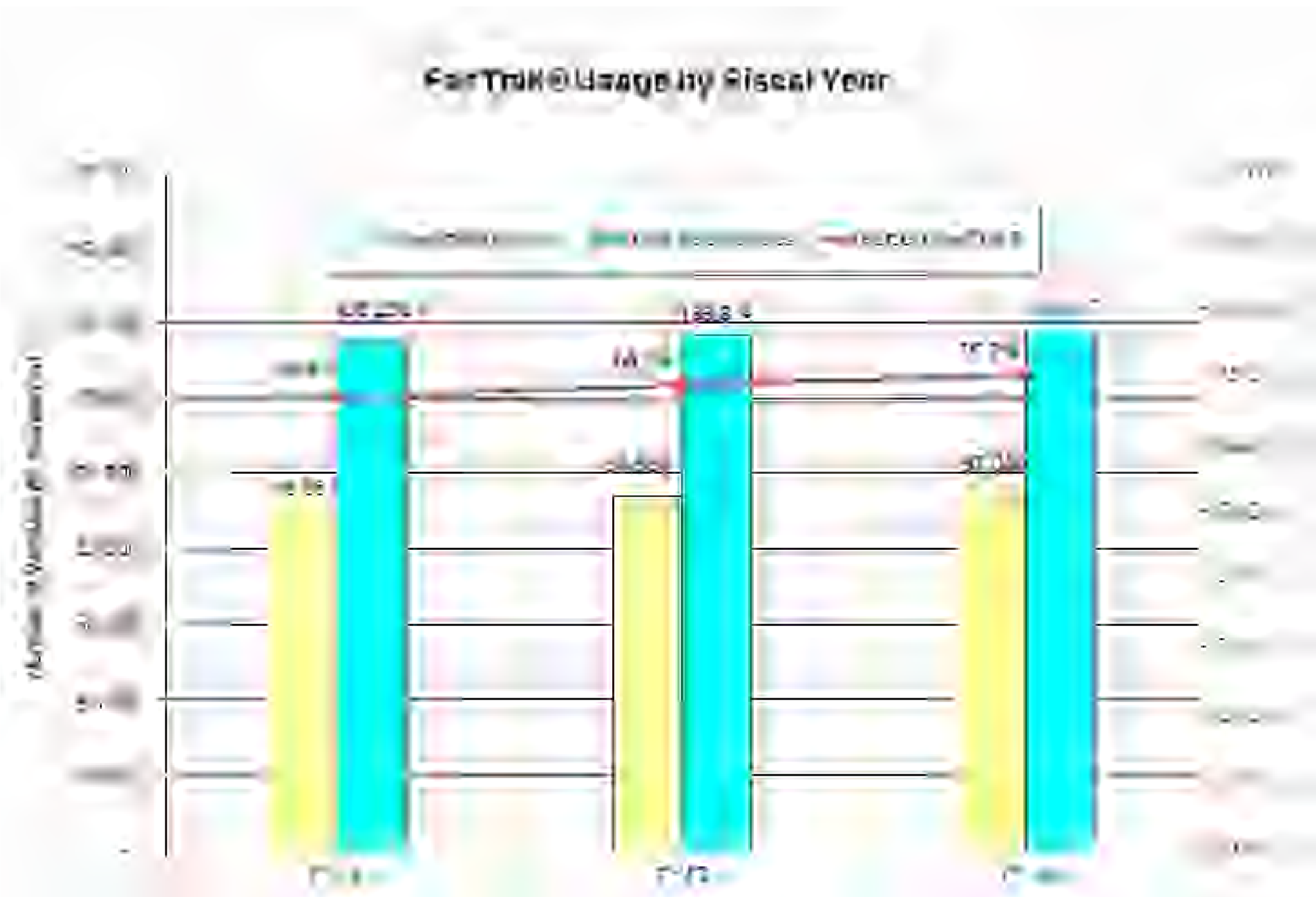
BATA's interest expense increased by $2,896 in fiscal year 2018 compared to an increase of $9,336 in fiscal year 2017. The increase in fiscal year 2018 is due to higher bond interest payments of $9,853, amortization in deferred amount of refunding of $4,913 offset by higher interest payments from counterparty and swap interest payments of $7,625 and bond premium amortization of $4,245. The increase in fiscal year 2017 is due to higher bond and swap interest payments of $12,535, bond premium amortization of $518, offset by higher interest payments received from counterparty of $3,712 and deferred amount of refunding of $5.

BATA's financing fees and other nonoperating expenses increased by $1,282 in fiscal year 2018 and increased by $9,790 in fiscal year 2017. The increase in fiscal year 2018 is due to higher costs in the issuance of new bonds of $1,375 and lower financing fees and other non-operating expenses of $93. The increase in fiscal year

2017 is primarily due to the cost of issuance of the new bonds.

BATA's operating grants increased by $130 in fiscal year 2018 and increased by $615 in fiscal year 2017. The increase in fiscal year 2018 is due to reimbursement from Bay Area Infrastructure Financing Authority of $454 for its express lanes but the reimbursement from other agencies had a net decrease of $324. The increase in fiscal year 2017 is due to an increase in the revenue from Alameda County Transportation Commission for the reimbursement of maintenance fees, monthly direct fees, banking fees, and transaction costs for their express lanes.

Revenues from the FasTrak® electronic toll collection (ETC) program continue to increase. ETC revenue comprised 70.2 percent of the total paid vehicles in fiscal year 2018 compared to 68.6 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 decreased by $10 or 0.2 percent in fiscal year 2018 and increased by $126 or 1.9 percent in fiscal year 2017. In fiscal year 2018 San Francisco, Santa Clara and Alameda counties had decreases in DMV revenues whereas in fiscal year 2017 all counties had increases in DMV revenues.

Operating expenses for MTC SAFE decreased by $894 or 7.8 percent in fiscal year 2018 and increased by $1,092 or 10.5 percent in 2017. The decrease in fiscal year 2018 is due to lower repairs and maintenance costs of $903, professional fees of $527, salaries and benefits of $152, and depreciation of $28 offset by the increase in towing contracts of $715. The increase in 2017 is mainly due to the costs in the callbox network capability upgrade of $900 and the freeway congestion initiative project of $269.

MTC SAFE's interest income increased by $209 in fiscal year 2018 and increased by $58 in fiscal year 2017. The increase in both fiscal years is due to a higher cash balance and slightly higher interest rates from the previous years.

MTC Clipper® operating revenues increased by $4,633 in fiscal year 2018 and increased by $996 in fiscal year 2017, respectively. The increase in fiscal year 2018 is primarily due to escheatment revenue from unregistered clipper cards of $3,996 and operators' revenue of $637 to help pay for the Clipper® service center while the increase in fiscal year 2017 is all from operators' revenue. Operating expenditures increased in both years by $2,051 and $1,119 respectively. The increase in fiscal year 2018 is largely due to an increase in professional fees of $2,134 and the increase in fiscal year 2017 is due to the increase in professional fees of $930, salaries and benefits of $316 offset by the decrease in other expenses of $127. Non-operating revenues which consist of federal, state and local grants increased by $2,075 in fiscal year 2018 compared to a decrease of $7,717 in fiscal year 2017. For fiscal year 2018, the increase is mainly due from the clipper card fees while the decrease in fiscal year 2017 is largely due to a decrease in federal grants of $4,533 and state grants of $3,447. Total transfers in fiscal year 2018 increased by $2,085 compared to a decrease in fiscal year 2017 by $769 to support the Clipper operations and projects.

G. Financial Analysis of Governmental Funds

The fund balance of the MTC governmental funds was $478,270 and $428,843 as of June 30, 2018 and 2017, respectively, as reported under the modified accrual basis of accounting. The fund balance includes nonspendable amounts of $824 and $823 for prepaid items in fiscal years 2018 and 2017, respectively; restricted amounts for transportation and rail projects of $492,204 and $449,232 in fiscal years 2018 and 2017, respectively; committed amounts designated by the Commission for specific purposes of $38,007 and $34,218 for fiscal years 2018 and 2017, respectively, and the unassigned fund balances of $(52,763) and $(55,430) for fiscal years 2018 and 2017, respectively.

The fund balance of the STA fund increased by $33,356 in fiscal year 2018 and decreased by $10,986 in fiscal year 2017. The increase in the current fiscal year is due to an increase in the STA revenues primarily due to the increase of gas excise tax that went into effect in November 2017. The decrease in the prior year was due to a decrease in STA revenues of $5,525. The fund balance for the Rail Reserves for both years decreased by $2,150 and $51,223, respectively. The decrease in fiscal year 2018 is due to an increase in project expenditures for the Caltrain electrification project while the decrease in fiscal year 2017 is largely related to the drawdowns for the eBART project. The fund balance for the AB 664 fund increased by $1,507 in fiscal year 2018 and decreased by $25,443 in fiscal year 2017. The increase in fiscal year 2018 is due to a decrease in expenditures for SFMTA capital projects and the decrease in fiscal year 2017 is mainly due to an increase in expenditures for the buses replacement projects. The fund balance for the BART Car Exchange fund increased by $4,331 and $54,428 in fiscal years 2018 and 2017, respectively. The increase in fund balance was due to higher interest earned from investments while the increase in fiscal year 2017 was due to an increase in revenue resulting from funding from funding from BART for the BART Car Replacement capital projects. The fund balance of the Non-Major funds increased by $7,634 and $400 in fiscal years 2018 and 2017, respectively. The increase in fiscal year 2018 of $7,634 is due to an increase in the Transit Reserve fund of $4,743 and Exchange fund of $4,334 offset by a decrease of $945 in Prop 1B fund and the close-out of the capital projects fund of $500. The increase in fiscal year 2017 is due to an increase in the Exchange fund of $1,231 offset by a decrease of $464 from the Transit Reserve fund and $185 for the Prop 1B fund.

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

The following table illustrates the revenues and expenditures for the past three fiscal years. Refer to page 36 for the reconciliation of the governmental funds to the Statement of Activities.

	Governmental Funds		
	2018	2017	2016
Revenues:			
Sales taxes	$ 13,650	$ 13,089	$ 12,812
Grants - Federal	54,365	65,220	48,951
Grants - State	222,417	105,027	115,262
Local agencies revenues and refunds	13,247	63,532	57,917
Investment income	9,427	4,257	2,878
Total revenues	313,106	251,125	237,820
Expenditures:			
Current:			
General government	64,713	68,456	63,439
Allocations to other agencies	215,949	228,987	169,527
Capital outlay	159	165	639
Total expenditures	280,821	297,608	233,605
Other financing sources (uses)	17,142	14,955	16,984
Net change in fund balance	49,427	(31,528)	21,199
Fund balance - beginning	428,843	460,371	439,172
Fund balance - ending	$ 478,270	$ 428,843	$ 460,371

Total revenues increased by $61,981 or 24.7 percent in fiscal year 2018 and increased by $13,305 or 5.6 percent in fiscal year 2017. The increase in revenues for fiscal 2018 is mainly due to an increase in STA revenues of $115,471 from the excise tax increase, offset by a decrease of $52,548 from the BART Car Exchange where BART made its last payment in fiscal year 2017. The increase in fiscal year 2017 is primarily due to an increase in Federal grants revenue of $16,269.

Overall, governmental fund expenditures decreased by $16,787 in fiscal year 2018 and increased by $64,003 in fiscal year 2017. General governmental expenditures decreased by $3,743 in fiscal year 2018, and increased by $5,017 in fiscal year 2017. The decrease in fiscal year 2018 is mainly due to a decrease in professional fees, offset by an increase in salaries and benefits. The increase in fiscal year 2017 is due to an increase in both professional fees and salaries and benefits. Allocations to other agencies decreased by $13,038 for fiscal year 2018 compared to an increase of $59,460 in fiscal year 2017. The decrease in allocations to other agencies is due to the completion of the eBART project while the increase in fiscal year 2017 is mainly due to the capital reimbursement from AB664 and Rail special revenue funds totaling $51,137. The capital outlay expenditures in fiscal year 2018 is slightly lower compared to fiscal year 2017 due to lower spending for the enhancement of MTC's hardware. Other financing sources increased in fiscal year 2018 by $2,187 due to additional funding from BATA of $2,122 for the General fund, while the decrease in fiscal year 2017 by $2,029 is mainly due to less funding from both BATA of $805 and SAFE of $598 for the General fund.

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

The change in net position presented in the Statement of Activities for governmental activities increased by $50,691 in fiscal year 2018 and decreased by $34,851 in fiscal year 2017. Net position for governmental funds was $458,211 and $417,629 for fiscal years 2018 and 2017, respectively. Program revenues increased by $56,537 or 22.87 percent in fiscal year 2018 and increased by $13,292 or 5.69 percent in fiscal year 2017. The increase in fiscal year 2018 is mainly due to an increase in STA revenues of $115,471 offset by a decrease in federal grants and local agencies revenues of $63,384. The increase in fiscal year 2017 is due to an increase from federal grants of $16,269 and local agencies revenues $5,615 offset by a reduction in STA revenue of $10,447.

H. General Fund Budget

The MTC general fund budget for fiscal year 2018 was amended from the adopted budget by $15,753 in increased revenues and $14,577 in increased expenditures. The actual revenues-to-expenditures balance for fiscal year 2018 reflects a surplus of $4,748. The surplus is mainly generated from budgeted contract services that were not initiated during the year.

	General Fund			
	Adopted Budget	Final Budget	Actual	Variance
Revenues	$ 190,596	$ 206,349	$ 78,884	$ (127,465)
Expenditures	215,066	229,643	87,823	141,820
Excess/(Deficiency)	(24,470)	(23,294)	(8,939)	14,355
Transfers in	20,790	20,790	13,687	(7,103)
Net change in fund balance	(3,680)	(2,504)	4,748	7,252
Fund balance - beginning	41,665	41,665	41,665	-
Fund balance - ending	$ 37,985	$ 39,161	$ 46,413	$ 7,252

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 $90,005 for fiscal year 2018 and $78,647 for fiscal year 2017 as reported under the accrual basis of accounting. The increase for both fiscal years is primarily due to the development of the Express Lane project. 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 fiscal year 2018, BATA completed an advance refunding of $1,954,260. BATA administers a debt portfolio of $9,475,610. All of BATA's swaps were ineffective for accounting purposes in fiscal year 2018 and 2017. 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 swaps increased by $79,044 in fiscal year 2018. BATA's interest expense on the $3,275,000 of federally taxable Build America Bonds was $218,747 and the federal subsidy was $71,451 for a net interest expense of $147,296.

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 eighth straight fiscal year, increasing by 4.3 percent and 2.2 percent for fiscal years 2018 and 2017 respectively, after declining from fiscal years 2008 to 2010. Sales tax revenue for fiscal year 2019 is also projected to be slightly higher than fiscal year 2018.
- Unemployment in the Bay Area was 3.1 percent as of June 2018.
- Building construction and housing is up, and demand for consumer goods is also up.

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
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	-	-
Net OPEB liability, due in more than one year	4,763,606	2,156,227	6,919,833	181,305	51,021
Net Pension liability, due in more than one year	24,420,309	11,782,351	36,202,660	381,354	87,276
Long term debt					
Due within one year	-	63,885,000	63,885,000	-	-
Due in more than one year	-	9,668,165,322	9,668,165,322	-	-
Due to / (from) other funds, due within one year	851,130	(851,130)	-	-	-
Derivative instruments	-	311,738,366	311,738,366	-	-
Other noncurrent liabilities					
Due within one year	1,980,450	718,624	2,699,074	58,596	33,006
Due in more than one year	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 Net Position
June 30, 2017

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	BAHA
ASSETS				
Cash - unrestricted	$ 146,871,723	$ 144,058,952	$ 290,930,675	$ 13,395,450
Cash - restricted	47,212,963	118,504,555	165,717,518	13,398,808
Investments - unrestricted	290,156,318	1,108,570,249	1,398,726,567	-
Investments - restricted	333,919,589	1,515,505,943	1,849,425,532	-
Receivables:				
Accounts receivable	2,686,205	21,062,485	23,748,690	1,650,397
Interests receivable	1,156,676	22,318,779	23,475,455	4,062
Funding due from State/ Caltrans	28,950,758	3,724,344	32,675,102	-
Funding due from Federal	41,776,570	3,538,175	45,314,745	-
Prepaid items and other assets	824,838	395,872	1,220,710	685,495
Bond prepaid insurance	-	16,100	16,100	-
Net OPEB assets	8,285,618	-	8,285,618	-
Land	-	-	-	33,933,809
Capital assets not being depreciated	12,000	63,007,711	63,019,711	559,985
Capital assets net of accumulated depreciation/ amortization	580,813	15,046,446	15,627,259	182,763,079
TOTAL ASSETS	902,434,071	3,015,749,611	3,918,183,682	246,391,085
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount of refunding	-	322,136,090	322,136,090	-
Deferred outflows from pension	9,289,356	5,187,730	14,477,086	410,011
TOTAL DEFERRED OUTFLOWS OF RESOURCES	9,289,356	327,323,820	336,613,176	410,011

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

Metropolitan Transportation Commission
Statement of Net Position
June 30, 2017

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	BAHA
LIABILITIES				
Accounts payable and accrued liabilities	97,711,116	80,584,107	178,295,223	2,491,653
Accrued interest payable	-	107,040,282	107,040,282	-
Unearned revenue	256,773	88,371,606	88,628,379	415,992
Due to Caltrans	-	11,400,898	11,400,898	-
Net pension liability, due in more than one year	22,572,445	11,707,271	34,279,716	415,579
Long term debt				
Due within one year	-	55,760,000	55,760,000	-
Due in more than one year	-	9,561,878,394	9,561,878,394	-
Due to / (from) other funds, due within one year	2,680,670	(2,680,670)	-	-
Derivative instruments	-	390,781,957	390,781,957	-
Other noncurrent liabilities				
Due within one year	2,354,613	-	2,354,613	-
Due in more than one year	3,025,287	8,824,550	11,849,837	160,452
TOTAL LIABILITIES	128,600,904	10,313,668,395	10,442,269,299	3,483,676
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pension	3,398,330	1,600,738	4,999,068	9,766
Deferred revenues/Deferred charges	362,095,123	(362,095,123)	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	365,493,453	(360,494,385)	4,999,068	9,766
NET POSITION				
Net investment in capital assets	364,206	78,054,157	78,418,363	217,256,873
Restricted for:				
Capital projects	481,090,437	266,482	481,356,919	13,398,808
Operations & Maintenance, under debt covenant	-	150,000,000	150,000,000	-
Extraordinary loss reserve, under Caltrans Coop	-	50,000,000	50,000,000	-
Net OPEB asset	8,285,618	-	8,285,618	-
STA Reserve	49,194	-	49,194	-
Unrestricted	(72,160,385)	(6,888,421,218)	(6,960,581,603)	12,651,973
TOTAL NET POSITION	$ 417,629,070	$ (6,610,100,579)	$ (6,192,471,509)	$ 243,307,654

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	10,568,893	6,705,582	6,956,349	-	13,661,931	-	3,093,038	3,093,038	-	-
Total Business-Type Activities	1,043,641,014	785,383,349	90,663,763	11,294,137	887,341,249	-	(156,299,765)	(156,299,765)	-	-
Total Primary Government	$ 1,323,266,943	$ 785,383,349	$ 394,411,700	$ 11,294,137	$ 1,191,089,186	$ 24,122,008	$ (156,299,765)	$ (132,177,757)	$ -	$ -
Component Units:										
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 Units	$ 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
Gain (loss) on sale of capital assets						-	(127,308)	(127,308)	-	-
Transfers						17,141,970	(17,141,970)	-	-	-
Total General Revenues and Transfers						26,568,656	88,608,406	115,177,062	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 (note1.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
Statement of Activities
For the Year Ended June 30, 2017

		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
Functions									
Primary Government:									
Governmental Activities:									
General Government	$ 103,883,046	$ -	$ 142,184,036	$ -	$ 142,184,036	$ 38,300,990	$ -	$ 38,300,990	$ -
Transportation	204,294,737	-	105,027,322	-	105,027,322	(99,267,415)	-	(99,267,415)	-
Total Governmental Activities	308,177,783	-	247,211,358	-	247,211,358	(60,966,425)	-	(60,966,425)	-
Business-Type Activities:									
MTC Clipper® smart card	45,093,517	18,314,715	-	9,219,623	27,534,338	-	(17,559,179)	(17,559,179)	-
Toll bridge activities	980,644,892	747,261,356	82,357,269	-	829,618,625	-	(151,026,267)	(151,026,267)	-
Congestion relief	11,463,126	6,716,397	6,573,706	-	13,290,103	-	1,826,977	1,826,977	-
Total Business-Type Activities	1,037,201,535	772,292,468	88,930,975	9,219,623	870,443,066	-	(166,758,469)	(166,758,469)	-
Total Primary Government	$ 1,345,379,318	$ 772,292,468	$ 336,142,333	$ 9,219,623	$ 1,117,654,424	$ (60,966,425)	$ (166,758,469)	$ (227,724,894)	$ -
Component Unit:									
BAHA	$ 48,449,852	$ 10,458,012	$ 12,838,052	$ -	$ 23,296,064				$ (25,153,788)
Total Component Unit	$ 48,449,852	$ 10,458,012	$ 12,838,052	$ -	$ 23,296,064				$ (25,153,788)

	Governmental Activities	Business-type Activities	Total	BAHA
General Revenues:				
Restricted investment earnings	$ 1,885,154	$ -	$ 1,885,154	$ 178,745
Unrestricted investment earnings	2,371,696	171,808,360	174,180,056	-
Return of contribution from BAHA	-	29,700,000	29,700,000	-
Gain (loss) on sale of capital assets	6,628,042	1,377,936	8,005,978	(4,231,869)
Transfers	15,231,011	(15,231,011)	-	-
Total General Revenues and Transfers	26,115,903	187,655,285	213,771,188	(4,053,124)
Change in Net Position	(34,850,522)	20,896,816	(13,953,706)	(29,206,912)
Net Position - Beginning	452,479,592	(6,630,997,395)	(6,178,517,803)	272,514,566
Net Position - Ending	$ 417,629,070	$ (6,610,100,579)	$ (6,192,471,509)	$ 243,307,654

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:							
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
Balance Sheet - Governmental Funds
June 30, 2017

	General	AB 664 Net Toll Revenue Reserve	STA	Rail Reserves	BART Car Exchange	Non-Major Governmental Funds	Total Governmental Funds
ASSETS							
Cash - unrestricted	$ 30,966,664	$ 15,287,319	$ 40,243,432	$ 9,235,909	$ -	$ 51,138,399	$ 146,871,723
Cash - restricted	-	-	-	-	47,212,963	-	47,212,963
Investment - unrestricted	218,806	182,249,612	-	74,167,939	-	33,519,961	290,156,318
Investment - restricted	-	-	-	-	333,919,589	-	333,919,589
Accounts receivable	1,399,941	-	186,264	-	-	1,100,000	2,686,205
Interest receivable	505	302,116	70,000	103,426	649,692	30,937	1,156,676
State/ Caltrans funding receivable	767,264	-	28,183,494	-	-	-	28,950,758
Federal funding receivable	41,776,570	-	-	-	-	-	41,776,570
Due from other funds	1,449,544	-	637,313	-	-	499,769	2,586,626
Prepaid items and other assets	823,172	-	-	-	-	1,666	824,838
TOTAL ASSETS	$ 77,402,466	$ 197,839,047	$ 69,320,503	$ 83,507,274	$ 381,782,244	$ 86,290,732	$ 896,142,266
LIABILITIES							
Accounts payable and accrued expenditures	$ 30,989,008	$ 6,111,232	$ 22,686,392	$ 32,980,289	$ 4,455	$ 4,688,701	$ 97,460,077
Deposit payable	250,000	-	-	-	-	-	250,000
Unearned revenue	2,225,657	-	-	-	-	-	2,225,657
Retention payable	1,039	-	-	-	-	-	1,039
Due to other funds	2,271,972	-	2,966,361	-	-	28,963	5,267,296
TOTAL LIABILITIES	35,737,676	6,111,232	25,652,753	32,980,289	4,455	4,717,664	105,204,069
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	-	177,290,066	-	142,748,112	-	42,056,945	362,095,123
TOTAL DEFERRED INFLOWS OF RESOURCES	-	177,290,066	-	142,748,112	-	42,056,945	362,095,123
FUND BALANCES							
Nonspendable							
Prepaid items	823,172	-	-	-	-	-	823,172
Restricted for:							
Transportation projects	49,194	14,437,749	43,667,750	-	-	9,299,700	67,454,393
Rail projects	-	-	-	-	381,777,789	-	381,777,789
Committed to:							
Benefits reserve	1,515,948	-	-	-	-	-	1,515,948
Building reserve	-	-	-	-	-	499,769	499,769
Liability reserve	294,763	-	-	-	-	-	294,763
Transportation projects	2,190,792	-	-	-	-	29,716,654	31,907,446
Unassigned:							
Unrestricted/Unassigned	36,790,921	-	-	(92,221,127)	-	-	(55,430,206)
TOTAL FUND BALANCES	41,664,790	14,437,749	43,667,750	(92,221,127)	381,777,789	39,516,123	428,843,074
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 77,402,466	$ 197,839,047	$ 69,320,503	$ 83,507,274	$ 381,782,244	$ 86,290,732	$ 896,142,266

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, 2017

Governmental funds balance	$ 428,843,074
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.	592,813
Other Post Employment Benefit (OPEB) assets are not current financial resources and, therefore, are not reported in the funds.	8,285,618
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.	1,968,884
Capital leases are not due and payable in the current period and, therefore, are not reported in the funds.	(228,606)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(5,151,294)
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.	(16,681,419)
Net position of governmental activities	$ 417,629,070

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
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2017

	General	AB 664 Net Toll Revenue Reserve	STA	Rail Reserves	BART Car Exchange	Non-Major Governmental Funds	Total Governmental Funds
REVENUES							
Sales tax	$ 13,088,720	$ -	$ -	$ -	$ -	$ -	$ 13,088,720
Grants - Federal	65,219,640	-	-	-	-	-	65,219,640
Grants - State	616,561	-	101,167,760	-	-	3,243,001	105,027,322
Local agencies revenues and refunds	4,856,377	-	5,027,828	-	52,547,712	1,100,000	63,531,917
Investment income - unrestricted	76,643	1,172,891	187,426	532,506	-	402,230	2,371,696
Investment income - restricted	-	-	-	-	1,885,154	-	1,885,154
TOTAL REVENUES	83,857,941	1,172,891	106,383,014	532,506	54,432,866	4,745,231	251,124,449
EXPENDITURES							
Current:							
General government	67,951,367	19,694	-	11,468	4,455	468,788	68,455,772
Allocations to other agencies	24,692,348	35,532,201	103,737,392	59,000,029	-	6,025,115	228,987,085
Capital outlay	164,855	-	-	-	-	-	164,855
Capital contribution to Bay Area Headquarters Authority	11,422,704	-	-	-	-	-	11,422,704
TOTAL EXPENDITURES	104,231,274	35,551,895	103,737,392	59,011,497	4,455	6,493,903	309,030,416
EXCESS/(DEFICIENCY) OF REVENUES OVER/(UNDER) EXPENDITURES	(20,373,333)	(34,379,004)	2,645,622	(58,478,991)	54,428,411	(1,748,672)	(57,905,967)
OTHER FINANCING SOURCES (USES)							
Transfers in	10,566,300	8,936,145	637,313	7,255,636	-	2,201,449	29,596,843
Transfers out	(44,628)	-	(14,268,452)	-	-	(52,752)	(14,365,832)
Sale of capital assets	11,146,656	-	-	-	-	-	11,146,656
TOTAL OTHER FINANCING SOURCES (USES)	21,668,328	8,936,145	(13,631,139)	7,255,636	-	2,148,697	26,377,667
NET CHANGE IN FUND BALANCES	1,294,995	(25,442,859)	(10,985,517)	(51,223,355)	54,428,411	400,025	(31,528,300)
Fund balances - beginning	40,369,795	39,880,608	54,653,267	(40,997,772)	327,349,378	39,116,098	460,371,374
Fund balances - ending	$ 41,664,790	$ 14,437,749	$ 43,667,750	$ (92,221,127)	$ 381,777,789	$ 39,516,123	$ 428,843,074

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, 2018 and 2017

	2018	2017
Net change in fund balances - total governmental funds (per Statement of Revenues, Expenditures and Changes in Fund Balances)	$ 49,426,692	$ (31,528,300)
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.M.	(77,409)	(247,277)
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.	71,068	58,062
Governmental funds report under absorption of applied overhead as unearned revenue; however in the Statement of Activities, the underabsorption is reported as revenue.	68,880	343,759
Some items do not require the use of current financial resources and, therefore, are not reported in the governmental funds:		
Compensated absences	1,229,908	(308,872)
Pension liability	(746,845)	449,487
Sale of capital assets	-	(11,146,656)
Gain / Loss on sale of assets	-	6,628,042
OPEB Prefund	-	739,455
OPEB liability	584,316	-
OPEB Implied Subsidy	134,054	161,778
Change in net position of governmental activities (per Statement of Activities)	$ 50,690,664	$ (34,850,522)

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	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 Net Position - Proprietary Funds
June 30, 2017

	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	$ 7,439,712	$ 117,178,830	$ 19,440,410	$ 144,058,952
Cash - restricted	266,482	98,760,527	-	99,027,009
Short term investments - unrestricted	-	942,044,020	107,958	942,151,978
Due from other funds	2,834,748	-	1,727,575	4,562,323
Accounts receivable	3,324,592	17,737,893	-	21,062,485
Accrued interest	-	22,318,530	249	22,318,779
Prepaid expenses and other assets	25,179	343,293	27,400	395,872
Funding due from State/ Caltrans	26,133	913,785	2,784,426	3,724,344
Funding due from Federal	2,741,745	-	796,430	3,538,175
Total current assets	16,658,591	1,199,296,878	24,884,448	1,240,839,917
Non-current assets:				
Cash - restricted	-	19,477,546	-	19,477,546
Investment - unrestricted	-	166,418,271	-	166,418,271
Investments - restricted	-	1,515,505,943	-	1,515,505,943
Bond prepaid insurance	-	16,100	-	16,100
Capital assets, net of accumulated depreciation/ amortization	-	76,422,053	1,632,104	78,054,157
Total non-current assets	-	1,777,839,913	1,632,104	1,779,472,017
TOTAL ASSETS	16,658,591	2,977,136,791	26,516,552	3,020,311,934
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges	-	684,231,213	-	684,231,213
Deferred outflows from pension	896,336	4,003,732	287,662	5,187,730
TOTAL DEFERRED OUTFLOWS OF RESOURCES	896,336	688,234,945	287,662	689,418,943

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

Metropolitan Transportation Commission
Statement of Net Position - Proprietary Funds
June 30, 2017

	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	9,271,850	68,989,832	612,861	78,874,543
Accrued interest payable	-	107,040,282	-	107,040,282
Due to other funds	773,841	939,126	168,686	1,881,653
Unearned revenue	-	88,371,606	-	88,371,606
Retention payable	187,528	1,522,036	-	1,709,564
Long term debt - current	-	55,760,000	-	55,760,000
Due to Caltrans	-	11,400,898	-	11,400,898
Total current liabilities	10,233,219	334,023,780	781,547	345,038,546
Non-current liabilities:				
Unearned revenue/ Patron deposits	-	8,824,550	-	8,824,550
Long term debt, net	-	9,561,878,394	-	9,561,878,394
Derivative instruments	-	390,781,957	-	390,781,957
Net pension liability	1,950,764	9,138,521	617,986	11,707,271
Total non-current liabilities	1,950,764	9,970,623,422	617,986	9,973,192,172
TOTAL LIABILITIES	12,183,983	10,304,647,202	1,399,533	10,318,230,718
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pension	254,686	1,269,346	76,706	1,600,738
TOTAL DEFERRED INFLOWS OF RESOURCES	254,686	1,269,346	76,706	1,600,738
NET POSITION				
Net investment in capital assets	-	76,422,053	1,632,104	78,054,157
Restricted for:				
Capital projects	266,482	-	-	266,482
Operations & Maintenance, under debt covenant	-	150,000,000	-	150,000,000
Extraordinary loss reserve, under Caltrans Coop	-	50,000,000	-	50,000,000
Unrestricted	4,849,776	(6,916,966,865)	23,695,871	(6,888,421,218)
TOTAL NET POSITION	$ 5,116,258	$ (6,640,544,812)	$ 25,327,975	$ (6,610,100,579)

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	-	(3,352,613)	-	(3,352,613)
Other nonoperating expense	-	(11,677,334)	-	(11,677,334)
Caltrans/ other agency 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 (note1.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 Revenues, Expenses and Changes in Net Position-Proprietary Funds
For the Year Ended June 30, 2017

	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	$ -	$ 720,784,303	$ -	$ 720,784,303
Department of Motor Vehicles registration fees	-	-	6,716,382	6,716,382
Revenues from operators	18,314,715	-	-	18,314,715
Other operating revenues	-	26,477,053	15	26,477,068
TOTAL OPERATING REVENUES	18,314,715	747,261,356	6,716,397	772,292,468
OPERATING EXPENSES				
Operating expenses incurred by Caltrans	-	25,018,218	-	25,018,218
Operating expenses - Transbay JPA	-	4,691,507	-	4,691,507
Towing contracts	-	-	7,183,541	7,183,541
Professional fees	30,362,811	55,920,282	1,040,411	87,323,504
Allocations to other agencies	-	42,677,112	-	42,677,112
Salaries and benefits	2,507,175	10,990,890	831,645	14,329,710
Repairs and maintenance	-	10,873	1,306,960	1,317,833
Communication charges	189	205,602	94,337	300,128
Depreciation and amortization	-	5,803,130	403,466	6,206,596
Other operating expenses	1,405,596	19,899,826	602,766	21,908,188
TOTAL OPERATING EXPENSES	34,275,771	165,217,440	11,463,126	210,956,337
OPERATING INCOME (LOSS)	(15,961,056)	582,043,916	(4,746,729)	561,336,131

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, 2017

	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)	38,618	171,697,480	72,262	171,808,360
Build America Bonds (BABs) interest subsidy	-	71,297,932	-	71,297,932
Interest expense	-	(452,371,630)	-	(452,371,630)
Financing fees	-	(3,371,040)	-	(3,371,040)
Other nonoperating expense	-	(10,376,758)	-	(10,376,758)
Caltrans/ other agency operating grants	220,294	9,534,709	3,170,468	12,925,471
Federal grants	7,060,290	-	3,403,238	10,463,528
Distributions to other agencies for their capital purposes	(10,817,746)	(128,253,119)	-	(139,070,865)
Distributions to Caltrans for their capital purposes	-	(221,054,905)	-	(221,054,905)
Return of contribution from BAHA	-	29,700,000	-	29,700,000
Gain on sale of capital assets	-	757,260	620,676	1,377,936
Other nonoperating revenues	1,939,039	1,524,628	-	3,463,667
TOTAL NONOPERATING REVENUES (EXPENSES)	(1,559,505)	(530,915,443)	7,266,644	(525,208,304)
INCOME (LOSS) BEFORE TRANSFERS	(17,520,561)	51,128,473	2,519,915	36,127,827
TRANSFERS				
Transfers to Metropolitan Transportation Commission	(591,718)	(26,816,342)	(609,660)	(28,017,720)
Transfers from Metropolitan Transportation Commission	12,786,709	-	-	12,786,709
Transfer between programs	2,199,966	(2,499,966)	300,000	-
TOTAL TRANSFERS	14,394,957	(29,316,308)	(309,660)	(15,231,011)
CHANGE IN NET POSITION	(3,125,604)	21,812,165	2,210,255	20,896,816
Total net position - beginning	8,241,862	(6,662,356,977)	23,117,720	(6,630,997,395)
Total net position - ending	$ 5,116,258	$ (6,640,544,812)	$ 25,327,975	$ (6,610,100,579)

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 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 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 Cash Flows - Proprietary Funds
For the Year Ended June 30, 2017

	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	$ 21,701,937	$ 754,648,104	$ 6,689,213	$ 783,039,254
Cash payments to suppliers and employees for services	(36,513,253)	(139,464,786)	(8,768,028)	(184,746,067)
Net cash provided by/(used in) operating activities	(14,811,316)	615,183,318	(2,078,815)	598,293,187
Cash flows from non-capital financing activities				
Caltrans and other state and local agency grants	20,140	10,737,898	4,161,334	14,919,372
Proceeds from issuance of revenue bonds	-	320,745,358	-	320,745,358
Build America Bonds interest subsidy	-	71,317,072	-	71,317,072
Interest paid on bonds	-	(443,168,331)	-	(443,168,331)
Financing fees	-	(3,360,555)	-	(3,360,555)
Federal grants	10,315,594	-	3,149,410	13,465,004
Transfers (to)/from MTC and SAFE	17,051,323	(12,256,291)	(212,235)	4,582,797
Cost of issuance of revenue bonds	-	(2,244,960)	-	(2,244,960)
Bond principal payments	-	(54,835,000)	-	(54,835,000)
Payment for refunding of bonds	-	1,513,942	-	1,513,942
Distributions to Caltrans	-	(232,500,771)	-	(232,500,771)
Distributions to other agencies	(10,025,325)	(154,645,209)	(47,155)	(164,717,689)
Due from BATA	-	-	300,000	300,000
Return of contribution from BAHA	-	10,400,000	-	10,400,000
Net cash provided by/(used in) non-capital financing activities	17,361,732	(488,296,847)	7,351,354	(463,583,761)
Cash flows from capital and related financing activities				
Sale of capital assets	-	1,634,760	1,528,898	3,163,658
Acquisition of capital assets	-	(31,188,811)	-	(31,188,811)
Net cash provided by/(used in) capital and related financing activities	-	(29,554,051)	1,528,898	(28,025,153)
Cash flows from investing activities				
Proceeds from maturities of investments	-	4,876,107,423	-	4,876,107,423
Purchase of investments	-	(5,100,523,851)	-	(5,100,523,851)
Interest and dividends received	38,618	14,640,923	71,641	14,751,182
Net cash provided by/(used in) investing activities	38,618	(209,775,505)	71,641	(209,665,246)
Net increase/(decrease) in cash	2,589,034	(112,443,085)	6,873,078	(102,980,973)
Balances - beginning of year	5,117,160	347,859,988	12,567,332	365,544,480
Balances - end of year	$ 7,706,194	$ 235,416,903	$ 19,440,410	$ 262,563,507

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, 2017

	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)	$ (15,961,056)	$ 582,043,916	$ (4,746,729)	$ 561,336,131
Adjustments to reconcile operating income to net cash provided by/(used in) operating activities:				
Depreciation and amortization	-	5,803,130	403,466	6,206,596
Other revenues	1,939,039	1,524,628	-	3,463,667
Other expenses	-	(68,881)	-	(68,881)
Net effect of changes in:				
Due (to)/from MTC	(97,716)	-	2,023,252	1,925,536
Accounts receivable	1,448,183	(2,366,350)	-	(918,167)
Prepaid expenses and other assets	45,171	314,723	508,152	868,046
Due to Caltrans	-	(2,485,025)	-	(2,485,025)
Accounts payable and accrued expenses	(2,144,907)	21,807,743	(267,494)	19,395,342
Unearned revenue	-	7,486,408	-	7,486,408
Patron deposits	-	805,440	-	805,440
State funding due	-	499,447	13,779	513,226
Deferred outflows from pension	(348,008)	(1,636,031)	(122,264)	(2,106,303)
Net pension liability	431,946	2,016,995	149,987	2,598,928
Deferred inflows from pension	(123,968)	(562,825)	(40,964)	(727,757)
Net cash provided by/(used in) operating activities	$ (14,811,316)	$ 615,183,318	$ (2,078,815)	$ 598,293,187

Significant Noncash Investing, Capital, and Financing Activities

Refunding bond proceeds received in escrow trust fund	$ -	$ 552,445,000	$ -	$ 552,445,000
Debt refunded through escrow trust fund	-	(552,445,000)	-	(552,445,000)
Acquisition of furniture and equipment under accounts payable/accrued liabilities	-	4,614,301	-	4,614,301
Acquisition of intangibles under accounts payable/accrued liabilities	-	2,798,342	-	2,798,342
Investment contribution from BAHA	-	19,300,000	-	19,300,000
Net increase in fair value of derivative instruments	-	155,538,930	-	155,538,930
Bond premium/discount amortization	-	14,303,169	-	14,303,169
Deferred charge amortization	$ -	$ (35,494,572)	$ -	$ (35,494,572)

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

Metropolitan Transportation Commission
Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and investments	$ 212,702,603	$ 184,460,544
Accounts receivable	8,897,603	7,300,417
Interest receivable	80,000	60,609
TOTAL ASSETS	$ 221,680,206	$ 191,821,570
LIABILITIES		
Accounts payable and accrued liabilities	$ 122,372,719	$ 99,222,029
Due to other governments	99,307,487	92,599,541
TOTAL LIABILITIES	$ 221,680,206	$ 191,821,570

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

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). There was no activity for BAIFA for fiscal years 2017 and 2016, nor assets, liabilities, nor net position at June 30, 2017 and 2016. For fiscal year 2018 both BAIFA and BAHA 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 1S 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 Statement*s *No. 14 and N*o. *39*. Requests for separately issued financial statements for BAHA should be addressed to the Treasurer and Auditor, 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. Seventy 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 2 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. MTC's Hub Signage Project, which improves signage at major transportation hubs, is the only project in this fund for fiscal years 2018 and 2017.

MTC Capital Projects Fund – MTC Capital Projects Fund, which includes the building improvement reserve, is used to account for and report the financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition and development of capital facilities and other capital assets.

MTC Capital Project was completed and the fund was closed during fiscal year 2018.

In fiscal years 2018 and 2017, the following funds are considered non-major: Transit Reserve Fund, Exchange Fund, Feeder Bus Fund, Proposition 1B Fund and Capital Projects 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 the Clipper® smart card program under the Memorandum of Understanding with seven Bay Area transit organizations. Clipper® smart card 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. 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.

New Accounting Pronouncements

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, replaces Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* as amended, and Statement No. 57, *Other Post Employment Benefit* (*OPEB) Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and Statement No. 50, *Pension Disclosures*. This standard establishes new accounting and financial reporting requirements for OPEB plans. This standard was issued in June 2015 and is effective for reporting periods beginning after June 15, 2016. This standard did not have any impact on MTC's financial statements.

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. 77, *Tax Abatement Disclosures*, defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. This statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements: 1) brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by abatement recipients, 2) the gross dollar amount of taxes abated during the period, and 3) commitments made by a government, other than to abate taxes, as part of a tax abatement agreement. The requirements of this Statement are effective for fiscal years beginning after December 15, 2015. This standard did not have any impact on MTC's financial statements.

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-employer Defined Benefit Pension Plan*s, amends the scope and applicability of GASB Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that: 1) is not a state or local governmental pension plan, 2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and 3) has no predominant state or local governmental employer (either individual or collectively with other states or local governmental employers that provide pensions through the pension plan). This statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The requirements of this statement are effective for fiscal years beginning after December 15, 2015. This standard did not have any impact on MTC's financial statements.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this statement. This statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. The requirements of this statement are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. This standard did not have any impact on MTC's financial statements.

GASB Statement No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*, amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this statement are effective for reporting periods beginning after June 15, 2016. This standard did not have any impact on MTC's financial statements.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. The requirements of this statement are effective for reporting periods beginning after December 15, 2016. This standard did not have any impact on MTC’s financial statements.

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. Management is currently evaluating the effect of this standard 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 related blending component units, goodwill, fair value measurement and application, and 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. Management is currently evaluating the effect of this standard 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 enhance 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.

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:

	2018	2017
General Fund	$ 2,469,227	$ 2,190,792
AB 664 Net Toll Revenue	76,044,810	25,417,180
State Transit Assistance Funds	3,724,863	5,081,046
Rail Reserves	11,250,115	44,889,597
Non-major Governmental Funds	7,150,259	3,283,004

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:

	2018	2017
Capital Projects	$530,039,387	$481,356,919
Other Purposes:		
Operations & Maintenance reserve, under debt covenant	$150,000,000	$150,000,000
Extraordinary loss reserve, under Caltrans Cooperation Agreement	50,000,000	50,000,000
Net OPEB asset	-	8,285,618
STA reserve	27,196	49,194
Total Other Purposes	$200,027,196	$208,334,812

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, 2018 and 2017 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, 2018 and 2017 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.T. 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 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, 2016
Measurement Date (MD)	June 30, 2017
Measurement Period (MP)	July 1, 2016 to June 30, 2017

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, 2016. CalPERS then rolled forward the total pension liability to June 30, 2017, and this is the basis for measuring MTC's net pension liability at June 30, 2018.

MTC allocates pension liability, deferred outflows and deferred inflows from pension, and pension expenses to its blended and discretely 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 plans as for its active employees. MTC esatablished 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, 2017
Measurement Date (MD)	June 30, 2017
Measurement Period (MP)	July 1, 2016 to June 30, 2017

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, 2018 was determined using the actuarial valuation of June 30, 2017 measurement date.

MTC allocates OPEB liability, deferred outflows and deferred inflows from OPEB, and OPEB expenses to its blended and discretely 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 2018 and 2017 reconciling items are as follows:

	2018	2017
Capital outlay	$ 159,266	$ 164,855
Depreciation expense	(236,675)	(412,132)
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at change in net position of governmental activities	$ (77,409)	$ (247,277)

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. 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 $17,580,344 and $18,298,230 for fiscal years 2018 and 2017, respectively.

Deferred charge includes deferred amounts from bond refundings.

Q. 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.

R. 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.

S. 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.

T. 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, 2018 and 2017:

	Governmental Activities	BATA	MTC Clipper/ SAFE	Total Business-Type Activities	Total 2018	Total 2017
Investment income	$ 9,426,686	$ 26,455,559	$ 378,534	$ 26,834,093	$ 36,260,779	$ 20,526,280
Investment derivatives	-	79,043,591	-	79,043,591	79,043,591	155,538,930
	$ 9,426,686	$ 105,499,150	$ 378,534	$ 105,877,684	$ 115,304,370	$ 176,065,210

U. 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.

V. 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.

W. 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.

X. Build America Bonds (BABs) Interest Subsidy

The interest subsidy on the BABs was $71,451,055 for fiscal year 2018 and $71,297,932 for fiscal year 2017. Of these amounts, $17,877,119 and $17,819,698 were not received as of June 30, 2018 and June 30, 2017 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 2018 and 2017 were short due to the Federal budget and sequestration constraints. 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. In fiscal year 2017, the payments were impacted by a reduction of 6.8% of the subsidy amount for the first quarter and 6.9% for the last three quarters.

Y. 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, 2018 and 2017 is as follows:

	2018	2017
Unrestricted cash	$ 531,374,187	$ 290,930,675
Unrestricted investments	973,359,418	1,398,726,567
Total unrestricted cash and investments	1,504,733,605	1,689,657,242
Restricted cash	118,447,831	165,717,518
Restricted investments	1,904,191,827	1,849,425,532
Total restricted cash and investments	2,022,639,658	2,015,143,050
Total cash and investments	$ 3,527,373,263	$ 3,704,800,292

The details of restricted cash and investments are as follows:

	2018	2017
FasTrak® program	$ 108,142,992	$ 98,992,689
Escrow account	725,733	228,108
Bond proceeds for capital projects	7,808,587	8,299,349
Debt service reserve	519,966,477	526,223,870
Operations & maintenance reserve	150,000,000	150,000,000
Extraordinary loss reserve	50,000,000	50,000,000
Rehabilitation reserve	120,000,000	120,000,000
Projects / self insurance reserves	280,000,000	580,000,000
Variable rate risk reserve	400,000,000	100,000,000
Capital projects	1,342,599	266,482
BART car exchange project	384,653,270	381,132,552
Total restricted cash and investments	$ 2,022,639,658	$ 2,015,143,050

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. Operations & maintenance reserve, Debt service reserve, Extraordinary loss reserve, Rehabilitation reserve, Projects/Operating 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.

B. The composition of cash and investments at June 30, 2018 and 2017 is as follows:

Cash

	2018	**2017**
Cash at banks	$ 459,346,030	$ 257,091,971
Money market mutual funds	110,090,244	159,312,790
County of Alameda	80,385,744	40,243,432
Total Cash	$ 649,822,018	$ 456,648,193

MTC holds a position in the investment pool of County of Alameda in the amount of $80,385,744 and $40,243,432 at June 30, 2018 and 2017, respectively. The Transportation Development Act (TDA) requires that local TDA funds be deposited with the respective County Treasury. 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:

	2018	2017
Mutual Fund		
CalTRUST Medium-Term Fund	6%	5%
Money Market Mutual Funds		
BlackRock Treasury Trust Fund	3%	2%
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%	2%

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 "A+" by Standard and Poor's.

Money Market Mutual Funds

The BlackRock Treasury Trust Fund is part of the overnight sweep fund utilized by Bank of America checking accounts and invests 100 percent 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, and 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 Bank of New York trustee and custodial accounts and 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, 2018 and 2017:

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, 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

Investments by fair value level at June 30, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Government-Sponsored Enterprises:				
Federal Home Loan Bank	$ -	$ 1,812,163,572	$ -	$ 1,812,163,572
Federal Home Loan Mortgage Corporation	-	1,017,064,673	-	1,017,064,673
Federal National Mortgage Association	-	137,144,150	-	137,144,150
Federal Farm Credit Bank	-	58,282,175	-	58,282,175
Total	-	3,024,654,570	-	3,024,654,570
Municipal Bonds	-	47,830,000	-	47,830,000
Mutual Funds				
CalTRUST Medium-Term Fund	-	175,340,529	-	175,340,529
Government Pool Investments				
Local Agency Investment Fund	-	327,000	-	327,000
Total Investments Measured at Fair Value	$ -	$ 3,248,152,099	$ -	$ 3,248,152,099

Refer to Note 5 for the investment derivative instruments valuations.

MTC holds $330,594 and $327,000 at June 30, 2018 and 2017, 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, 2018 and 2017 are as follows:

	2018	2017
Federal Home Loan Bank (FHLB)	52%	49%
Federal Home Loan Mortgage Corporation (FHLMC)	19%	27%
CalTRUST Medium-Term Fund	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 $71.2 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	$20 million	1 mo LIBOR+(net) 14 bps to maturity	07/18
FFCB	$8.2 million	1 mo LIBOR+(net) 12 bps to maturity	11/18
FHLB	$10 million	3 mo LIBOR - (net) 16 bps to maturity	05/19
FFCB	$8 million	3 mo LIBOR-(net) 28 bps to maturity	05/19
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, 2018 and 2017 are as follows:

	2018	2017
Government-sponsored enterprises		
Federal Home Loan Bank	0.47	0.33
Federal Farm Credit Bank	1.16	0.81
Federal Home Loan Mortgage Corporation	1.43	0.53
Federal National Mortgage Association	3.55	0.26

4. Capital Assets

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:				
Building 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:				
Building 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

A summary of changes in capital assets for the year ended June 30, 2017 is as follows:

Governmental activities	**Beginning Balance July, 1 2016**	**Increases**	**Decreases**		**Ending Balance June 30, 2017**
Capital assets, not being depreciated:					
Building and improvements	$ 3,871,334	$ -	$ (3,871,334)	*	$ -
Intangible assets	41,320	12,000	(41,320)		12,000
Total capital assets, not being depreciated	3,912,654	12,000	(3,912,654)		12,000
Capital assets, being depreciated:					
Buildings and improvements	$ 9,455,198	$ -	$ (9,345,783)	*	$ 109,415
Furniture and equipment	1,696,351	122,022	(452,015)		1,366,358
Intangible assets	14,272	72,154	-		86,426
Leased equipment	309,560	-	-		309,560
Automobiles	58,037	-	(27,151)		30,886
Total capital assets being depreciated	11,533,418	194,176	(9,824,949)		1,902,645
Less accumulated depreciation for:					
Buildings and improvements	8,719,279	147,202	(8,762,162)		104,319
Furniture and equipment	1,284,727	188,138	(388,356)		1,084,509
Intangible assets	238	14,880	-		15,118
Leased equipment	25,088	61,912	-		87,000
Automobiles	58,037	-	(27,151)		30,886
Total accumulated depreciation	10,087,369	412,132	(9,177,669)		1,321,832
Total capital assets being depreciated, net	1,446,049	(217,956)	(647,280)		580,813
Governmental activities capital assets, net	$ 5,358,703	$ (205,956)	$ (4,559,934)		$ 592,813

Business-type activities	**Beginning Balance July, 1 2016**	**Increases**	**Decreases**		**Ending Balance June 30, 2017**
Capital assets, not being depreciated:					
Furniture and equipment	$ 24,235,309	$ 21,692,187	$ -		$ 45,927,496
Building and improvements	1,755,000	-	(1,755,000)	*	-
Construction in progress	-	632,593	-		632,593
Intangible assets	9,438,035	7,009,587	-		16,447,622
Total capital assets, not being depreciated	35,428,344	29,334,367	(1,755,000)		63,007,711
Capital assets, being depreciated:					
Furniture and equipment	14,805,257	187,095	(162,394)		14,829,958
Building/Tenant improvements	5,938,936	-	(1,379,200)		4,559,736
Automobiles	147,431	-	(59,489)		87,942
Intangible assets	22,779,130	-	-		22,779,130
Call boxes	10,067,964	-	(1,273,113)		8,794,851
Total capital assets being depreciated	53,738,718	187,095	(2,874,196)		51,051,617
Less accumulated depreciation for:					
Furniture and equipment	9,297,592	1,768,313	(162,394)		10,903,511
Building/Tenant improvements	1,586,461	1,243,564	(1,379,200)		1,450,825
Automobiles	147,431	-	(59,489)		87,942
Intangible assets	13,042,348	2,884,384	-		15,926,732
Call boxes	8,568,215	310,335	(1,242,389)		7,636,161
Total accumulated depreciation	32,642,047	6,206,596	(2,843,472)		36,005,171
Total capital assets, being depreciated, net	21,096,671	(6,019,501)	(30,724)		15,046,446
Business-type activities capital assets, net	$ 56,525,015	$ 23,314,866	$ (1,785,724)		$ 78,054,157

* In May 2016, MTC moved out of the Joseph P. Bort Metro Center building in Oakland. At that time, MTC ceased the depreciation of the building. The building was being actively marketed for sale in early 2016. BART, one of the owners of a condominium interest in the building, exercised its right of first refusal to purchase the building. The sale of the building transaction to BART was completed in June 2017, resulting in a gain of $ 8,010,641.

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

Governmental activities:	
General government	$ 412,132
Total depreciation expense - governmental activities	$ 412,132
Business-type activities:	
Toll bridge	$ 5,803,130
Congestion relief	403,466
Total depreciation expense-business-type activities	$ 6,206,596

5. Long-Term Debt

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 percent to 5 percent.

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.

BATA issued Toll Revenue Bonds in February 2017 to (i) fund capital projects, (ii) make a cash deposit to the Reserve Fund, (iii) pay costs incurred with the issuance of the bonds, and (iv) defease or refund bonds.

In February 2017, BATA completed an advance refunding of $559,015,000. The 2017 Series A, B, C and D bond transaction consisted of a defeasance of $150,000,000 of the 2006 Series C2-C4 Bonds, a defeasance of $155,000,000 of the 2008 Series D-1 Bonds and a defeasance of $247,445,000 of the 2014 Series A Bonds. The majority of the proceeds from the newly issued bonds were deposited into the Escrow fund held by a Trustee. The Trustee used the funds on deposit to purchase certain noncallable senior Government Obligations to be used to pay the interest and redemption of the refunded bonds on or prior to the redemption dates. Because the refunding consisted of the rollover of index and term bonds, there was no economic gain from the transaction.

Each of the 2017 Series A, B, and C bonds has a Term Rate Period of April 2026, April 2025, and April 2022, respectively, and bears interest at the stated Term Rate. The 2017 Series D bonds has an Index Rate Period of April 2021 and bears interest based on a percentage of the 3-month LIBOR Index Rate plus a spread. At the end of each respective Term Rate or 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.

The 2017 Series A, B, C, and D bonds 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*.

In February 2017, BATA also issued $300,000,000 of senior bonds, the 2017 Series F. The majority of the bond proceeds were used to fund capital projects, including certain costs relating to demolition of the former east span of the San Francisco-Oakland Bay Bridge. The 2017 Series F bond has a final maturity of April 2056 and bears interest at a stated fixed rate ranging from 4 percent to 5 percent.

In April 2017, BATA appointed Goldman, Sachs & Co as the Remarketing Agent for the remarketing of the 2007 Series C-2 Bonds and Citigroup Global Markets Inc. as the Remarketing Agent for the remarketing of the 2008 Series C-1 Bonds.

In June 2017, BATA completed a Letter of Credit Substitution and Remarketing of the 2007 Series G-1 Bonds. Bank of America, N.A. replaced U.S. Bank National Association as the LOC provider. The Letter of Credit with Bank of America, N.A. expires in June 2022.

Term / Index Rate Bonds:

BATA has a principal balance of $2,689,305,000 in term/index rate bonds. The term/index rate bond series are detailed as follows:

Series	Par	Term/ Index Rate	Effective Date	Maturity Date
2007 Series A1	$50,000,000	SIFMA Swap Index plus 0.70%	12/20/2012	10/1/2019
2007 Series E3	$100,000,000	SIFMA Swap Index plus 0.70%	12/20/2012	10/1/2019
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 C	$402,105,000	1.875%	8/5/2014	4/1/2019
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

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.[1]	A1/P1/F1	6/15/2022 [2]	JP Morgan Securities, LLC
2007 Series B2	$75,000,000	Sumitomo Mitsui Banking Corporation	A1/P1/F1	6/15/2022 [2]	Citigroup Global Markets Inc.
2007 Series C2	$25,000,000	MUFG Bank, Ltd.[1]	A1/P1/F1	6/15/2022 [2]	Goldman Sachs & Co
2007 Series D2	$100,000,000	Bank of America, N.A.	A1/P1/F1+	6/15/2022 [2]	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 [2]	Citigroup Global Markets Inc
2008 Series E1	$50,000,000	MUFG Bank, Ltd.[1]	A1/P1/F1	6/15/2022 [2]	Morgan Stanley & Co. LLC.

[1] On 04/01/2018, The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its legal name to MUFG Bank, Ltd.
[2] On 07/14/2017, BATA extended the Letter of Credits from 10/16/2019 to 6/15/2022.

As of June 30, 2018, 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 percent.

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-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	-
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.

A summary of changes in long-term debt for the year ended June 30, 2017 is as follows:

Business-type activities

	Issue Date	Interest Rate		Calendar Year Maturity	Original Amount	Beginning Balance July 1, 2016	Additions	Reductions	Ending Balance June 30, 2017	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	275,000,000	-	(150,000,000) [4]	125,000,000	-
2007 Revenue Bond Series F	5/15/2007	4.99%	[1]	2018	310,950,000	30,500,000	-	(20,565,000) [7]	9,935,000	9,935,000
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	507,760,000	500,000,000	-	(155,000,000) [5]	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	4.98%	[1]	2050	410,000,000	410,000,000	-	-	410,000,000	-
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	4.65%	[1]	2031	907,525,000	907,525,000	-	(34,270,000) [7]	873,255,000	45,825,000
2013 Revenue Bond Series S4	8/6/2013	5.11%	[1]	2053	900,000,000	900,000,000	-	-	900,000,000	-
2014 Revenue Bond Series (A,B,C)	8/5/2014	1.66%	[1]	2047	1,201,635,000	1,201,635,000	-	(247,445,000) [4]	954,190,000	-
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	-
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 [4]	-	402,165,000	-
2017 Revenue Bond Series D	2/23/2017	3.60%	[2]	2045	156,850,000	-	156,850,000 [5]	-	156,850,000	-
2017 Revenue Bond Series F1	2/23/2017	4.75%	[1]	2056	300,000,000	-	300,000,000 [6]	-	300,000,000	-
					$ 10,333,320,000	$ 9,186,095,000	$ 859,015,000	$ (607,280,000)	$ 9,437,830,000	$ 55,760,000
Net unamortized bond premium /(discount)						$ 170,380,813	$ 23,730,750	$ (14,303,169)	$ 179,808,394	
Net long-term debt as of June 30, 2017						$ 9,356,475,813	$ 882,745,750	$ (621,583,169)	$ 9,617,638,394	

(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 A, B, C bonds were issued as senior term rate bonds to fully refund $150,000,000 of the 2006 Series C2-C4 bonds and $247,445,000 of the 2014 Series A bonds.
(5) The 2017 Series D bonds were issued as index rate bonds to fully refund $155,000,000 of the 2008 Series D1 bonds.
(6) The 2017 Series F1 bonds were issued as senior fixed rate bonds.
(7) Scheduled payments.

Annual funding requirements

The annual funding requirements for the debt and swap outstanding of the business-type activities at June 30, 2018 are as follows:

Business-type activities

Fiscal Year Ending	Principal Payments	Interest Payments	Total Payments
2019	$ 63,885,000	$ 402,082,214	$ 465,967,214
2020	118,400,000	396,238,870	514,638,870
2021	120,120,000	391,686,587	511,806,587
2022	128,690,000	386,362,565	515,052,565
2023	136,170,000	381,008,435	517,178,435
2024-2028	829,875,000	1,801,502,762	2,631,377,762
2029-2033	1,149,070,000	1,590,258,785	2,739,328,785
2034-2038	1,387,270,000	1,326,391,023	2,713,661,023
2039-2043	1,599,380,000	1,031,328,101	2,630,708,101
2044-2048	1,887,000,000	690,938,059	2,577,938,059
2049-2053	1,501,205,000	290,965,179	1,792,170,179
2054-2056	554,545,000	54,105,650	608,650,650
	$ 9,475,610,000	$ 8,742,868,230	$ 18,218,478,230

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, 2018, the current Reserve Requirement and the market valuation of the investment securities in the Debt Service reserves are as follows:

	Reserve Requirement	Market Valuation of Cash & Securities
Senior Debt	$353,242,576	$354,768,291
Subordinate Debt	$161,685,251	$165,198,186

BATA maintains certain designated reserves:

Designation	Requirement	Required Amount	June 30, 2018
External Designation:			
O & M	2x Caltrans budgeted O&M costs	$58 million	$150 million
Extraordinary loss	BATA/Caltrans Coop Agreement	$50 million	$50 million
BATA designation:			
Rehab reserve	2x Rehab budget ($60m/yr)	$120 million	$120 million
Variable rate risk reserve	BATA designation	$400 million	$400 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 $311,738,366 and $390,781,957 at June 30, 2018 and June 30, 2017 respectively, and recorded in the Statement of Net Position as a liability. The increase in fair value of investment derivatives for both fiscal year 2018 and 2017 of $79,043,591 and of $155,538,930 respectively were recorded to investment income. See Note 1.T 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, 2018 and 2017 classified by type, and the changes in fair value of such derivative instruments since June 30, 2017 and 2016 as reported in the financial statements are as follows:

	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	-	-

	Increase in Fair Value since June 30, 2016		Fair Value at June 30, 2017		
Business-type Activities	**Classification**	**Amount**	**Classification**	**Amount**	**Notional**
Pay-fixed interest rate swap	Investment Income	$ 154,686,054	Noncurrent Liabilities	$ (390,560,419)	$ 1,440,000,000
Receive-fixed interest rate swap	Investment Income	$ 852,876	Noncurrent Liabilities	$ (221,539)	$ 477,845,000

Objective and Terms of Hedging Derivative Instruments

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

The following tables display the terms of the derivative instruments outstanding along with the credit rating as of June 30, 2018 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+	Aa3
The Bank of New York Mellon	AA-	Aa2
Citibank, N.A., New York	A+	A1
Wells Fargo Bank, N.A.	A+	Aa2
Goldman Sachs Mitsui Marine Derivative Products LP	AA-	Aa2
JP Morgan Chase Bank, N.A.	A+	Aa3
Morgan Stanley Capital Services LLC	BBB+	A3

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

			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%	$ -	$ (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 Bank, 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 Bank, 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) BATA paying fixed rate receiving variable rate based on LIBOR index.

Investment Derivative Instruments at June 30, 2017:

Amortized Notional Value	Counterparty	Fixed Payer Rate[A]	Fair Value due from / (to) Counterparty: Level 1	Level 2	Level 3	Total
$75 million	Wells Fargo Bank, N.A.	3.29%	$ -	$ (16,785,588)	$ -	$ (16,785,588)
$75 million	Morgan Stanley Capital Services LLC	4.09%[C]	-	(24,396,275)	-	(24,396,275)
$110 million	Wells Fargo Bank, N.A.	3.64%	-	(26,421,016)	-	(26,421,016)
$30 million	Bank of America, N.A.	3.63%	-	(9,036,536)	-	(9,036,536)
$115 million	Citibank, N.A., New York	3.64%	-	(27,621,890)	-	(27,621,890)
$245 million	JP Morgan Chase Bank, N.A.	4.00%	-	(81,056,781)	-	(81,056,781)
$50 million	Bank of America, N.A.	3.63%	-	(15,397,735)	-	(15,397,735)
$260 million	Citibank, N.A., New York	3.64%	-	(64,021,457)	-	(64,021,457)
$125 million	Bank of America, N.A.	2.96%	-	(25,023,577)	-	(25,023,577)
$60 million	Goldman Sachs Mitsui Marine Derivative Products, L.P.	3.64%	-	(18,153,980)	-	(18,153,980)
$85 million	Goldman Sachs Mitsui Marine Derivative Products, L.P.	3.64%	-	(26,313,312)	-	(26,313,312)
$170 million	The Bank of New York Mellon	3.64%	-	(52,626,241)	-	(52,626,241)
$40 million	The Bank of New York Mellon	2.22%	-	(3,706,030)	-	(3,706,030)
	Total Fixed Payer Swaps		$ -	$ (390,560,418)	$ -	$ (390,560,418)
		Fixed Receiver Rate[B]				
$131.4 million[D]	Wells Fargo Bank, N.A.	3.10%[E]	$ -	$ (107,502)	$ -	$ (107,502)
$146.4 million	The Bank of New York Mellon	3.25%[E]	-	(79,846)	-	(79,846)
$40 million	Bank of America, N.A.	3.55%[E]	-	(5,608)	-	(5,608)
$160 million	Bank of America, N.A.	3.40%[E]	-	(28,583)	-	(28,583)
	Total Fixed Receiver Swaps		$ -	$ (221,539)	$ -	$ (221,539)
	Total Derivative Instrument - Fair Value		$ -	$ (390,781,957)	$ -	$ (390,781,957)

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.
(B) BATA receiving fixed rate paying variable rate based on SIFMA index.
(C) Fixed rate is 3.34% effective from 1/1/2014 thru 12/31/2016. Fixed rate changed to 4.09% thereafter thru maturity.
(D) Wells Fargo notional reflects amortized balance as of 4/1/2018.
(E) Swap amended on 6/26/2015 to temporarily suspend payments until 4/1/2018. Rate indicated will be effective 4/1/2018.

The termination value, or fair market value, BATA would pay to terminate all swaps on a voluntary basis is $312 million and $391 million on June 30, 2018 and June 30, 2017, 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, 2018, 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, 2018, are as follows:

Governmental Activities

Year Ending June 30		Amount
2019	$	85,200
2020		85,200
2021		52,032
Total		222,432
Less interest amounts		(11,787)
Present value of net minimum lease payments	$	210,645

7. Interfund Receivables, Payables and Transfers

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 the annual 1 percent 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.P 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.

The composition of interfund transfers as of June 30, 2017, 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	$ 51,785	$ -	$ 967	$ -	$ -	$ -	$ -	$ 52,752
STA	1,386,743	-	-	-	95,000	12,786,709	-	14,268,452
General	-	-	44,628	-	-	-	-	44,628
MTC Clipper®	-	-	591,718	-	-	-	-	591,718
BATA	8,518,112	8,936,145	-	7,255,636	2,106,449	2,199,966	300,000	29,316,308
SAFE	609,660	-	-	-	-	-	-	609,660
Total	$ 10,566,300	$ 8,936,145	$ 637,313	$ 7,255,636	$ 2,201,449	$ 14,986,675	$ 300,000	$ 44,883,518

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 $12,786,709 was transferred from STA to MTC-Clipper® to support their operations. An amount of $7,614,780 was transferred from BATA to the General fund which represents an annual 1 percent transfer for administration expenditures. The transfer amount from BATA to AB 664, Rail Reserves and Non-Major funds totaling $18,298,230 is the amortization of the deferred revenue for these funds. See Note 1.P for further details.

Receivable Fund	Payable Fund	Amount
General	MTC Clipper	$ 182,123
General	SAFE	168,686
General	STA	627,183
General	Non-Major	27,996
General	BATA	443,556
STA	General	44,628
STA	Non-Major®	967
STA	MTC Clipper	591,718
Non-Major®	General	499,769
MTC Clipper®	STA	2,339,178
MTC Clipper®	BATA	495,570
SAFE	General	1,727,575

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, 2017 are as follows: an amount of $2,339,178 represents expenses incurred for the MTC-Clipper® project, but not yet reimbursed from STA; and $1,727,575 represents an advance the General fund received from SAFE to support the Regional Traveler Information, Emergency Response Operations, Incident Management and Freeway Initiative projects.

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 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 defined benefit pension plan, the Miscellaneous Plan of Metropolitan Transportation Commission ("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 one year of full-time employment. Classic members (hired before January 1, 2013) with five years of total service are eligible to retire at age 50 with statutory reduced benefits. New members (hired after January 1, 2013) with five years of total service are eligible to retire at age 52 with statutory 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, 2018, are summarized as follows:

Hire date	Prior to January 1, 2013	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, 2017 are as follows**:**

Active employees	218
Inactive employees or beneficiaries currently receiving benefits	132
Inactive employees entitled to but not yet receiving benefits	116

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, 2018, MTC's retirement contributions are allocated as follows:

- Tier 1 - The total Public Employees' Retirement System (PERS) contribution rate is 26.986 percent (consisting of 18.986 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, 2018 is 20.486 percent by MTC and 6.50 percent by members.

- Tier 2 - The total PERS contribution rate is 25.486 percent (consisting of 18.986 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, 2018 is 18.986 percent by MTC and 6.50 percent by members.

The employer actuarially determined contribution is charged to its blended and discretely 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, 2017, the total pension liability was determined using the annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The June 30, 2017 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	2.75%
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 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

[1]The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to CalPERS Experience Study 2014 report, which can be obtained at CalPERS' website under Forms and Publications.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change of Assumptions

In fiscal year 2017, the accounting discount rate was reduced from 7.65 percent to 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 (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each 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 rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2016.

Asset Class	Current Target Allocation	Real Return Years 1 - 10[1]	Real Return Years 11+[2]
Global Equity	47.0%	4.90%	5.83%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%

[1] An expected inflation of 2.5% used for this period
[2] An expected inflation of 3.0% 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, 2016	$ 142,161,971	$ 107,466,676	$ 34,695,295
Changes Recognized for the Measurement Period:			
Service Cost	4,923,634	-	4,923,634
Interest on Total Pension Liability	10,572,026	-	10,572,026
Changes of Assumptions	9,136,825	-	9,136,825
Difference between Expected and Actual Experience	(3,383,252)	-	(3,383,252)
Contributions from Employers	-	5,196,976	(5,196,976)
Contributions from Employees	-	2,124,545	(2,124,545)
Net Investment Income	-	12,110,384	(12,110,384)
Benefit Payments, including Refunds of Employee Contributions	(5,033,718)	(5,033,718)	-
Administrative Expense	-	(158,667)	158,667
Net changes during 2016-17	16,215,515	14,239,520	1,975,995
Balance at June 30, 2017	158,377,486	121,706,196	36,671,290

		Enterprise Funds					
	Governmental Funds	Bay Area Toll Authority	MTC SAFE	MTC Clipper	BAHA	BAIFA	Total
Net pension liability for fiscal year 2018	$ 24,420,309	$ 9,229,824	$ 600,586	$ 1,951,941	$ 381,354	$ 87,276	$ 36,671,290

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)	$ 59,356,845	$ 36,671,290	$ 17,991,591

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, 2017 is 4.5 years which was obtained by dividing the total service years of 2,080 (the sum of remaining service lifetimes of the active employees) by 466 (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 $6,516,422 for fiscal year 2018 based on the measurement period ended June 30, 2017. The pension expense is allocated to its blended and discretely component units as follows:

		Enterprise Funds					
	Governmental Funds	Bay Area Toll Authority	MTC SAFE	MTC Clipper	BAHA	BAIFA	Total
Pension expense for fiscal year 2018	$ 4,572,950	$ 1,366,116	$ 77,722	$ 283,582	$ 140,854	$ 75,198	$ 6,516,422

As of June 30, 2018, MTC has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 7,106,419	$ (646,752)
Difference between expected and actual experience	138,373	(2,816,081)
Net difference between projected and actual earnings on pension plan investments	1,554,445	-
Employer contributions for fiscal year 2018	5,457,084	-
Total	$ 14,256,321	$ (3,462,833)

The $5,457,084 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 pension liability in the year ended June 30, 2019.

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

Year ended	Deferred Outflows/ (Inflows) of Resources
2018	$ 744,132
2019	2,912,842
2020	1,910,724
2021	(231,293)
2022	-
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, 2017, the date of the latest 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 funding policy.

Funding Policy

MTC contributions are based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting of Post Employment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded accrued actuarial liabilities (UAAL) (or funding excess) over a period not to exceed thirty years. The ARC is based on separate actuarial computations for the active and retiree employee groups. MTC's payments of monthly retiree premiums of $776,100 for the fiscal years ended 2017, was applied toward the required annual employer contribution of $3,060,157. Since 2008, MTC has fully funded the ARC and the net OPEB cost. The net OPEB asset at June 30, 2017 was $8,285,620. MTC recorded an implied subsidy of $161,778 and prefunded its OPEB obligation by $739,455 in fiscal year 2017.

Annual OPEB Cost, Funded Status and Funding Progress

MTC's annual OPEB cost is based on the ARC of the employer less healthcare costs paid on behalf of its retirees as well as any other contributions made to the plan during the year. The OPEB cost is based on a bi-annual actuarial valuation. The following table represents the annual OPEB cost for the year, the percentage of costs contributed to the plan, and changes in the net OPEB obligation. Governmental and Business-Type Activities funded 100 percent of the ARC attributable to them. Any net OPEB asset resulted solely from Governmental Activities.

Fiscal Year Ended		Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed		Net OPEB Assets
June 30, 2015	$	3,084,567	100%	$	7,384,385
June 30, 2016		3,084,567	100%		7,384,385
June 30, 2017	$	3,060,157	129%	$	8,285,620

The funded status of the plan as July 1, 2017 was as follows:

Annual required contribution (ARC)	$	2,970,342
Interest on net OPEB obligation		(332,297)
Adjustment to ARC		422,112
Annual OPEB cost		3,060,157
Less contributions made		(3,961,392)
Change in net OPEB asset		(901,235)
Net OPEB asset - beginning of year		(7,384,385)
	$	(8,285,620)

The notes and schedules above, for fiscal year 2017, are presented per GASB 45 reporting and for comparative financial statement presentation purposes only.

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, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions

The total OPEB liability in the July 1, 2017 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 - 3.50% for 2018 increasing to 5.75% for 2021 and later Medicare - 3.50% for 2018 increasing to 5.50% 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, 2017.

	Increase / (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of June 30, 2016	$ 32,963,728	$ 26,043,437	$ 6,920,291
Service cost	2,495,744	-	2,495,744
Interest on the total OPEB liability	1,574,575	-	1,574,575
Differences between expected and actual experience	-	-	-
Contributions - employer	-	3,961,391	(3,961,391)
Net investment income	-	(70,798)	70,798
Benefit payments	(937,878)	(937,878)	-
Administrative expense	-	(52,142)	52,142
Net changes	3,132,441	2,900,573	231,868
Balance as of June 30, 2017	$ 36,096,169	$ 28,944,010	$ 7,152,159

		Enterprise Funds					
	Governmental Funds	Bay Area Toll Authority	MTC SAFE	MTC Clipper	BAHA	BAIFA	Total
Net OPEB liability for fiscal year 2018	$ 4,763,606	$ 1,686,968	$ 108,824	$ 360,435	$ 181,305	$ 51,021	$ 7,152,159

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)	$ 12,727,782	$ 7,152,159	$ 2,621,973

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)	$ 1,870,126	$ 7,152,159	$ 13,804,168

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

For the year ended June 30, 2018, the MTC recognized OPEB expense of $3,171,861. The OPEB expense is allocated to its blended and discretely component units as follows:

		Enterprise Funds					
	Governmental Funds	Bay Area Toll Authority	MTC SAFE	MTC Clipper	BAHA	BAIFA	Total
OPEB expense for fiscal year 2018	$ 2,224,465	$ 664,533	$ 37,808	$ 137,946	$ 68,516	$ 38,593	$ 3,171,861

At June 30, 2018, MTC reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	1,021,398	-
Employer contributions for fiscal year 2018	4,196,184	-
Total	$ 5,217,582	$ -

The $4,196,184 in the preceeding table is reported as a deferred outflows of resources related to contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019.

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

Year ended:		Deferred Outflows/ (Inflows) of Resources
2019	$	255,350
2020		255,350
2021		255,350
2022		255,348
2023		-
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 $5,591,500 and $5,151,294 at June 30, 2018 and 2017, respectively. 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

A summary of changes in compensated absences for the year ended June 30, 2017 is as follows:

	Beginning Balance July 1,2016	Additions	Reductions	Ending Balance June 30, 2017	Due Within One Year
Compensated Absences	$ 4,842,422	$ 3,328,591	$ (3,019,719)	$ 5,151,294	$ 2,294,225

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.

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, 2018, there are approximately $800,000 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

The Regional Administrative Facility Corporation (RAFC) was incorporated in the State of California on March 23, 1983, for the purpose of administering, operating and maintaining common areas and certain easements of the property which consists solely of the Joseph P. Bort Metro Center facility.

The RAFC Condominium Plan established the following three owner occupants: BART, MTC and ABAG. RAFC exercised a custodial responsibility on behalf of the owner occupants and assessed sufficient amounts to meet all required expenditures of the common areas and easements. MTC provided management and other staff functions to RAFC through management fees.

In May 2016, MTC and ABAG, two of the owner occupants, moved out from the Joseph P. Bort Metro Center facility. The facility was offered for sale and BART, the third owner occupant, exercised its first right of refusal to purchase the facility. On June 22, 2017, both MTC and ABAG terminated their membership with RAFC.

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.

BAHA - Discretely Presented Component Unit

In 2012, BAHA entered into an office lease agreement with the BAAQMD to occupy space in BAMC. The lease agreement granted BAAQMD the option to purchase office space (in the form of a condominium interest) in BAMC (the "Purchase Option").

On November 7, 2013, BAAQMD issued a Certificate of Participation (COP) in the amount of $30 million to secure an ownership interest in BAMC. BAHA purchased the COP and entered into a site and facilities lease and sublease agreement with BAAQMD in relation to the condominium interest. The lease term was 30 years. The effective date of these leases commenced on the date BAAQMD exercised its Purchase Option for the premises. The proceeds of the COP were held by a trustee in escrow on behalf of BAAQMD, and were released to BAHA at the time the Purchase Option was exercised. Rental payments under the site and facilities lease and sublease had been assigned to a trustee which was used to pay principal and interest to BAHA under the COP.

On June 2, 2017, BAAQMD exercised its purchase option to buy the condominium interest. The trustee released to BAHA the proceeds of the COP of $29,707,755 held in escrow to pay for the purchase of the condominium interest, and the rental payment of the site and facilities lease and sublease in the amount of $1,700,000 to pay down the COP principal. In addition, BAAQMD made $9,000,000 in COP prepayment to BAHA.

In 2013, BAHA and ABAG signed a Memorandum of Understanding (MOU), under which ABAG intended to enter into a purchase and sale agreement with BAHA to purchase a condominium interest in BAMC from BAHA. ABAG's purchase price for the condominium interest was the transfer of ABAG's condominium ownership interest in its previous headquarters, the Joseph P. Bort Metro Center ("Oakland Metro Center"), located at 101 Eighth Street, Oakland, CA 94607. In addition, ABAG paid BAHA $800,000 for capital tenant improvements to BAMC. ABAG's funding for the capital and tenant improvements was provided by MTC.

On May 19, 2016, BAHA entered into an office lease agreement with ABAG. The agreement allowed ABAG to take occupancy of ABAG's condominium interest in BAMC prior to the purchase. The agreement stipulated that ABAG paid no base rent, but a portion of the operating expenses of BAMC as an additional rent starting July 2016.

In May 2016, BAAQMD and ABAG moved their offices to BAMC. BAAQMD's monthly lease payment began in July 2016, which was applied toward the payment of the purchase price option. BAAQMD paid a portion of BAMC's operating expenses starting July 2016.

On June 22, 2017, MTC and the San Francisco Bay Area Rapid District (BART) completed the sale of the Oakland Metro Center. MTC's share of the net proceeds was $11,422,704 which was contributed to BAHA. ABAG's share of the net proceeds was $5,015,496. Per the MOU signed in 2013 by ABAG and BAHA, ABAG would exchange its ownership interest in the Oakland Metro Center for the condominium unit at 375 Beale Street. The transaction was also executed on June 22, 2017.

The sales of BAHA's condominium interest to BAAQMD and ABAG resulted in a loss of $4,231,869.

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 both facility common and agency common assessment fees to meet all required expenditures of the common area and joint used space. The 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.

14. Subsequent Events

On June 5, 2018, the Regional Measure (RM) 3 expenditure plan was approved by the Bay Area voters. RM 3 will raise tolls on region's state-owned toll bridges by $1 beginning January 1, 2019. Tolls will rise by another $1 in January 2022 with another $1 increase in January 2025. Since the vote in June, two lawsuits have been filed, one by Howard Jarvis Taxpayers Association questioning the validity of SB 595 and one by serveral individules as a taxpayers lawsuit. Regardless of the outcome of either action, neither will have any material impact on current BATA financials or obligations.

In May 2018, BAHA and BAAQMD have reached terms of a deal that would have BAHA sell approximately 11,400 rentable square feet (RSF) to BAAQMD at a purchase price of about $5 million. Execution of the Purchase and Sale Agreement (PSA) is subject to the BAHA Board's and 375 Beale Condo Board's approval of the PSA. With the purchase, there will be a new space allocation and distribution expenses.

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, 2018 — Schedule I

	Original Budget [1]	Final Budget [1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Sales tax	$ 13,250,000	$ 13,250,000	$ 13,649,557	$ 399,557
Grants - Federal	170,123,965	180,819,506	54,365,487	(126,454,019)
Grants - State	1,837,288	6,383,851	2,503,062	(3,880,789)
Local agencies revenues and refunds	5,355,109	5,865,709	7,962,452	2,096,743
Investment income - unrestricted	30,000	30,000	404,001	374,001
TOTAL REVENUES	190,596,362	206,349,066	78,884,559	(127,464,507)
EXPENDITURES				
General government	196,197,541	195,523,679	63,864,904	131,658,775
Allocations to other agencies	18,292,489	33,543,489	23,810,631	9,732,858
Capital outlay	576,156	576,156	148,266	427,890
TOTAL EXPENDITURES	215,066,186	229,643,324	87,823,801	141,819,523
REVENUES OVER (UNDER) EXPENDITURES	(24,469,824)	(23,294,258)	(8,939,242)	14,355,016
OTHER FINANCING SOURCES (USES)				
Transfers in	20,790,197	20,790,197	13,714,626	(7,075,571)
Transfers out	-	-	(27,196)	(27,196)
TOTAL OTHER FINANCING SOURCES (USES)	20,790,197	20,790,197	13,687,430	(7,102,767)
NET CHANGE IN FUND BALANCES	(3,679,627)	(2,504,061)	4,748,188	7,252,249
Fund balances - beginning	41,664,790	41,664,790	41,664,790	-
Fund balances - ending	$ 37,985,163	$ 39,160,729	$ 46,412,978	$ 7,252,249

[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, 2018 — Schedule II

	Original Budget [1]	Final Budget [1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Investment income - unrestricted	$ -	$ -	$ 2,474,839	$ 2,474,839
TOTAL REVENUES	-	-	2,474,839	2,474,839
EXPENDITURES				
General government	-	-	16,736	(16,736)
Allocations to other agencies	81,230,595	90,474,768	9,536,230	80,938,538
TOTAL EXPENDITURES	81,230,595	90,474,768	9,552,966	80,921,802
REVENUES UNDER EXPENDITURES	(81,230,595)	(90,474,768)	(7,078,127)	83,396,641
OTHER FINANCING SOURCES				
Transfers in	52,216,153	52,216,153	8,585,558	(43,630,595)
TOTAL OTHER FINANCING SOURCES	52,216,153	52,216,153	8,585,558	(43,630,595)
NET CHANGE IN FUND BALANCES	(29,014,442)	(38,258,615)	1,507,431	39,766,046
Fund balances - beginning	14,437,749	14,437,749	14,437,749	-
Fund balances - ending	$ (14,576,693)	$ (23,820,866)	$ 15,945,180	$ 39,766,046

[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, 2018 — Schedule III

	Original Budget [1]	Final Budget [1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Grants - State	$ 110,452,530	$ 205,347,379	$216,638,231	$ 11,290,852
Local agencies revenues and refunds	-	-	1,284,837	1,284,837
Investment income - unrestricted	-	-	402,141	402,141
TOTAL REVENUES	110,452,530	205,347,379	218,325,209	12,977,830
EXPENDITURES				
Allocations to other agencies	154,116,256	249,011,105	172,215,346	76,795,759
TOTAL EXPENDITURES	154,116,256	249,011,105	172,215,346	76,795,759
REVENUES OVER (UNDER) EXPENDITURES	(43,663,726)	(43,663,726)	46,109,863	89,773,589
OTHER FINANCING SOURCES (USES)				
Transfers in	43,663,726	43,663,726	433,543	(43,230,183)
Transfers out	-	-	(13,187,800)	(13,187,800)
TOTAL OTHER FINANCING SOURCES (USES)	43,663,726	43,663,726	(12,754,257)	(56,417,983)
NET CHANGE IN FUND BALANCES	-	-	33,355,606	33,355,606
Fund balances - beginning	43,667,750	43,667,750	43,667,750	-
Fund balances - ending	$ 43,667,750	$ 43,667,750	$ 77,023,356	$ 33,355,606

[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, 2018 — Schedule IV

	Original Budget [1]	Final Budget [1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Investment income - unrestricted	$ -	$ -	$ 700,978	$ 700,978
TOTAL REVENUES	-	-	700,978	700,978
EXPENDITURES				
General government	-	-	7,040	(7,040)
Allocations to other agencies	6,970,978	6,970,978	9,814,562	(2,843,584)
TOTAL EXPENDITURES	6,970,978	6,970,978	9,821,602	(2,850,624)
REVENUES UNDER EXPENDITURES	(6,970,978)	(6,970,978)	(9,120,624)	(2,149,646)
OTHER FINANCING SOURCES (USES)				
Transfers in	6,970,978	6,970,978	6,970,978	-
NET CHANGE IN FUND BALANCES	-	-	(2,149,646)	(2,149,646)
Fund balances - beginning	(92,221,127)	(92,221,127)	(92,221,127)	-
Fund balances - ending	$ (92,221,127)	$ (92,221,127)	$ (94,370,773)	$ (2,149,646)

[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, 2018 Schedule V

	Original Budget[1]	Final Budget[1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Investment income - restricted	$ -	$ -	$ 4,335,949	$ 4,335,949
TOTAL REVENUES	-	-	4,335,949	4,335,949
EXPENDITURES				
General government	-	-	4,875	(4,875)
	-	-	-	-
TOTAL EXPENDITURES	-	-	4,875	(4,875)
NET CHANGE IN FUND BALANCES	-	-	4,331,074	4,331,074
Fund balances - beginning	381,777,789	381,777,789	381,777,789	-
Fund balances - ending	$ 381,777,789	$ 381,777,789	$ 386,108,863	$ 4,331,074

[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

	2017	2016	2015	2014
Total Pension Liability				
Service cost	$ 4,923,634	$ 3,969,969	$ 3,699,768	$ 3,710,617
Interest	10,572,028	10,131,302	9,499,032	8,852,738
Changes of assumptions	9,136,825	-	(2,410,626)	-
Difference between expected and actual experience	(3,383,252)	(352,537)	515,758	-
Benefit payments and refunds of contribution	(5,033,718)	(4,779,280)	(4,653,536)	(4,404,877)
Net change in total pension liability	16,215,517	8,969,454	6,650,396	8,158,478
Total pension liability - beginning	142,161,969	133,192,515	126,542,119	118,383,641
Total pension liability - ending	$158,377,486	$ 142,161,969	$ 133,192,515	$ 126,542,119
Plan Fiduciary Net Position				
Contributions - employer	$ 5,196,976	$ 4,128,694	$ 3,819,020	$ 3,313,040
Contributions - member	2,124,545	1,848,104	1,755,442	2,310,147
Net investment income	12,110,384	535,476	2,304,601	15,270,089
Benefit payments and refunds of contributions	(5,033,718)	(4,779,280)	(4,653,536)	(4,404,877)
Administrative expenses	(158,667)	(64,478)	(119,062)	-
Net change in plan fiduciary net position	14,239,520	1,668,516	3,106,465	16,488,399
Plan Fiduciary Net Position - beginning	107,466,676	105,798,160	102,691,695	86,203,296
Plan Fiduciary Net Position - ending	$121,706,196	$ 107,466,676	$ 105,798,160	$ 102,691,695
Net Pension Liability - ending	$ 36,671,290	$ 34,695,293	$ 27,394,355	$ 23,850,424
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.85%	75.59%	79.43%	81.15%
Covered Payroll[1]	33,455,049	27,722,133	23,713,316	22,111,218
Plan Net Pension Liability as a Percentage of Covered Payroll[1]	109.61%	125.15 %	115.52 %	107.86 %

[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.*

* Only four years' date is available.

Metropolitan Transportation Commission
Schedule of Employer Contributions - Pension (unaudited)
As of June 30, 2018
Last Ten Years Schedule VII

Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Actuarially Determined Contribution	$ 2,190,076	$ 2,214,238	$ 2,281,381	$ 2,892,933	$ 3,103,791	$ 3,311,675	$ 3,819,020	$ 4,128,694	$ 5,198,407	$ 5,457,084
Contributions in Relation to the Actuarially Determined Contribution	(2,190,076)	(2,214,238)	(2,281,381)	(2,892,933)	(3,103,791)	(3,311,675)	(3,819,020)	(4,128,694)	(5,198,407)	(5,457,084)
Covered payroll[(1)]	$ 16,711,761	$ 17,011,660	$ 17,417,779	$ 17,799,482	$ 18,966,022	$ 20,191,937	$ 22,111,218	$ 23,713,316	$ 27,722,133	$ 33,455,049
Actual contributions as a percentage of covered payroll	13.10%	13.02%	13.10%	16.25%	16.36%	16.40%	17.27%	17.41%	18.75%	16.31%

[(1)] Covered-employee payroll numbers have been revised to covered payroll numbers in accordance with the implementation guidance in GASB Statement No. 82, *Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73.*

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year 2016-17 were derived from the June 30, 2014 funding valuation report.

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method / Period	For details, see June 30, 2014 Funding Valuation Report.
Asset Valuation Method	Market Value of Assets. For details, see June 30, 2014 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

	2017*
Total OPEB liability	
Service Cost	$ 2,495,744
Interest on the total OPEB liability	1,574,575
Changes of benefit terms	-
Difference between actual and expected experience	-
Changes of assumptions	-
Benefit payments	(937,878)
Administrative expense	-
Net change in total OPEB liability	3,132,441
Total OPEB liability - beginning	32,963,728
Total OPEB liability - ending (a)	$ 36,096,169
OPEB Fiduciary Net Position	
Benefit payments	$ (937,878)
Contribution from employer	3,961,391
Net investment income	(70,798)
Administrative expense	(52,142)
Net change in plan fiduciary net position	2,900,573
Plan fiduciary net position - beginning	26,043,437
Plan fiduciary net position - ending (b)	28,944,010
Plan net OPEB liability - ending (a) - (b)	$ 7,152,159
Plan fiduciary net position as a percentage of the total OPEB liability	80.19%
Covered-employee payroll	$ 34,954,872
Plan net OPEB liability of as a percentage of covered-employee payroll	20.46%

* 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, 2018
Last Ten Fiscal Years

Schedule IX

	2018*
Actuarially determined contribution[1]	$ 3,152,650
Contributions in relation to the actuarially determined contribution	(3,152,650)
Covered-employee payroll	$ 34,954,872
Contribution as a percentage of covered-employee payroll[1]	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.

Notes to Schedule:

Valuation date:
Actuarially determined contribution rates are calculated as of July 1, 2017, 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	2.5 percent
Healthcare cost trend rates	Pre-Medicare - 3.50% for 2018 increasing to 5.75% for 2021 and later
	Medicare - 3.50% for 2018 increasing to 5.50% for 2021 and later
Investment rate of return	4.5 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.

* Fiscal year 2018 was the 1st year of implementation, therefore only one year is shown.

OTHER SUPPLEMENTARY INFORMATION

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

Schedule 1

	Transit Reserves	Exchange	Feeder Bus	Prop 1B Fund	Capital Projects	Total Non-Major Governmental Funds
ASSETS						
Cash - unrestricted	$ 19,712,128	$ 34,061,934	$ 171,419	$ 666,019	$ -	$ 54,611,500
Investment - unrestricted	33,004,704	-	-	-	-	33,004,704
Receivables						
Interest	94,305	-	-	-	-	94,305
Due from other funds	874	-	-	-	-	874
Due from other goverments	-	-	-	260	-	260
Prepaid items	-	-	-	1,666	-	1,666
TOTAL ASSETS	$ 52,812,011	$ 34,061,934	$ 171,419	$ 667,945	$ -	$ 87,713,309
LIABILITIES						
Accounts payable and accrued expenditures	$ 49,911	$ 11,000	$ -	$ 269,099	$ -	$ 330,010
Due to other funds	-	-	-	200,000	-	200,000
TOTAL LIABILITIES	49,911	11,000	-	469,099	-	530,010
DEFERRED INFLOWS OF RESOURCES						
Deferred revenues	40,033,137	-	-	-	-	40,033,137
TOTAL DEFERRED INFLOWS OF RESOURCES	40,033,137	-	-	-	-	40,033,137
FUND BALANCES						
Nonspendable						
Prepaid items	-	-	-	1,666	-	1,666
Restricted for:						
Transportation projects	12,728,963	-	171,419	197,180	-	13,097,562
Committed to:						
Transportation projects	-	34,050,934	-	-	-	34,050,934
TOTAL FUND BALANCES	12,728,963	34,050,934	171,419	198,846	-	47,150,162
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 52,812,011	$ 34,061,934	$ 171,419	$ 667,945	$ -	$ 87,713,309

Metropolitan Transportation Commission
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds
For the Year Ended June 30, 2018

Schedule 2

	Transit Reserves	Exchange	Feeder Bus	Prop 1B Fund	Capital Projects	Total Non-Major Governmental Funds
REVENUES						
Grants - State	$ 3,275,431	$ -	$ -	$ -	$ -	$ 3,275,431
Local agencies revenues and refunds	-	4,000,000	-	-	-	4,000,000
Investment income - unrestricted	696,140	399,190	2,241	11,207	-	1,108,778
TOTAL REVENUES	3,971,571	4,399,190	2,241	11,207	-	8,384,209
Expenditures						
Current:						
General government	-	53,910	-	764,954	-	818,864
Allocations to other agencies	572,567	-	-	-	-	572,567
Capital outlay	-	11,000	-	-	-	11,000
TOTAL EXPENDITURES	572,567	64,910	-	764,954	-	1,402,431
EXCESS/(DEFICIENCY) OF REVENUES OVER/ (UNDER) EXPENDITURES	3,399,004	4,334,280	2,241	(753,747)	-	6,981,778
OTHER FINANCING SOURCES (USES)						
Transfers in	2,023,808	-	-	8,372	-	2,032,180
Transfers out	(680,150)	-	-	(200,000)	(499,769)	(1,379,919)
TOTAL OTHER FINANCING SOURCES	1,343,658	-	-	(191,628)	(499,769)	652,261
NET CHANGE IN FUND BALANCES	4,742,662	4,334,280	2,241	(945,375)	(499,769)	7,634,039
Fund balances - beginning	7,986,301	29,716,654	169,178	1,144,221	499,769	39,516,123
Fund balances - ending	$ 12,728,963	$ 34,050,934	$ 171,419	$ 198,846	$ -	$ 47,150,162

Metropolitan Transportation Commission
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Transit Reserves Fund
For the Year Ended June 30, 2018 — Schedule 3

	Original Budget[1]	Final Budget[1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Grants - State	$ 3,275,431	$ 3,275,431	$ 3,275,431	$ -
Investment income - unrestricted	-	-	696,140	696,140
TOTAL REVENUES	3,275,431	3,275,431	3,971,571	696,140
EXPENDITURES				
Allocations to other agencies	20,222,503	20,222,503	572,567	19,649,936
TOTAL EXPENDITURES	20,222,503	20,222,503	572,567	19,649,936
REVENUES UNDER EXPENDITURES	(16,947,072)	(16,947,072)	3,399,004	20,346,076
OTHER FINANCING SOURCES (USES)				
Transfers in	16,947,072	16,947,072	2,023,808	(14,923,264)
Transfers out	-	-	(680,150)	(680,150)
TOTAL OTHER FINANCING SOURCES	16,947,072	16,947,072	1,343,658	(15,603,414)
NET CHANGE IN FUND BALANCES	-	-	4,742,662	4,742,662
Fund balances - beginning	7,986,301	7,986,301	7,986,301	-
Fund balances - ending	$ 7,986,301	$ 7,986,301	$ 12,728,963	$ 4,742,662

[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, 2018 — Schedule 4

	Original Budget[1]	Final Budget[1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Local agencies revenues and refunds	$ 4,000,000	$ 4,000,000	$ 4,000,000	$ -
Investment income - unrestricted	-	-	399,190	399,190
TOTAL REVENUES	4,000,000	4,000,000	4,399,190	399,190
EXPENDITURES				
General government	53,910	53,910	53,910	-
Capital outlay	-	-	11,000	(11,000)
TOTAL EXPENDITURES	53,910	53,910	64,910	(11,000)
REVENUES OVER (UNDER) EXPENDITURES	3,946,090	3,946,090	4,334,280	388,190
OTHER FINANCING USES				
Transfers out	-	-	-	-
TOTAL OTHER FINANCING USES	-	-	-	-
NET CHANGE IN FUND BALANCES	3,946,090	3,946,090	4,334,280	388,190
Fund balances - beginning	29,716,654	29,716,654	29,716,654	-
Fund balances - ending	$ 33,662,744	$ 33,662,744	$ 34,050,934	$ 388,190

[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, 2018 — Schedule 5

	Original Budget[1]	Final Budget[1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Investment income - unrestricted	$ -	$ -	$ 2,241	$ 2,241
TOTAL REVENUES	-	-	2,241	2,241
NET CHANGE IN FUND BALANCES	-	-	2,241	2,241
Fund balances - beginning	169,178	169,178	169,178	-
Fund balances - ending	$ 169,178	$ 169,178	$ 171,419	$ 2,241

[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, 2018 — Schedule 6

	Original Budget[1]	Final Budget[1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Investment income - unrestricted	$ -	$ -	$ 11,207	$ 11,207
TOTAL REVENUES	-	-	11,207	11,207
EXPENDITURES				
General government	1,144,221	1,144,221	764,954	379,267
TOTAL EXPENDITURES	1,144,221	1,144,221	764,954	379,267
REVENUES UNDER EXPENDITURES	(1,144,221)	(1,144,221)	(753,747)	390,474
OTHER FINANCING SOURCES				
Transfers in	-	-	8,372	8,372
Transfers out	-	-	(200,000)	(200,000)
TOTAL OTHER FINANCING SOURCES	-	-	(191,628)	(191,628)
NET CHANGE IN FUND BALANCES	(1,144,221)	(1,144,221)	(945,375)	198,846
Fund balances - beginning	1,144,221	1,144,221	1,144,221	-
Fund balances - ending	$ -	$ -	$ 198,846	$ 198,846

[1] Budget prepared in accordance with GAAP.

Metropolitan Transportation Commission
Schedule of Expenditures by Natural Classification
For the Year Ended June 30, 2018 — Schedule 7

Expenditures by natural classification	
Salaries & benefits	$ 36,307,724
Travel	147,356
Professional fees	24,185,950
Overhead	3,652,230
Printing & reproduction	88,762
Other	247,836
Reported as general government expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds[1]	$ 64,629,858

Salaries & benefits - MTC Governmental	$ 36,307,724
Salaries & benefits - MTC Clipper®	2,335,187
Salaries & benefits - BATA	10,767,501
Salaries & benefits - SAFE	612,239
Salaries & benefits - BAHA	1,104,577
Salaries & benefits - BAIFA	617,306
Total salaries & benefits	$ 51,744,534

Indirect Cost - MTC Governmental	$ 3,652,230
Indirect Cost - MTC Clipper®	1,127,428
Indirect Cost - SAFE	295,589
Indirect Cost - BAHA	533,290
Indirect Cost - BAIFA	298,035
Total Indirect Cost	$ 5,906,572

[1]General government expenditures - by Fund	
General Fund	$ 63,864,904
Special Revenue - Prop 1B	764,954
Total general government expenditures	$ 64,629,858

Metropolitan Transportation Commission
Schedule of Overhead, Salaries and Benefits Expenditures - Governmental Funds
For the Year Ended June 30, 2018 — Schedule 8

	Direct Costs*	Allowable Indirect Costs	Unallowable Costs	Total
Salaries	$ 21,350,049	$ 7,434,392	$ -	$ 28,784,441
Benefits	17,236,277	5,723,816	-	22,960,093
Total salaries and benefits	$ 38,586,326	$ 13,158,208	$ -	$ 51,744,534
Reimbursable overhead:**				
Agency temps		$ 731,694	$ -	$ 731,694
Training		193,712	84,596	278,308
Personnel recruitment		49,101	-	49,101
Public hearing		180	-	180
Advertising		77,593	-	77,593
Communications		146,587	-	146,587
Utilities		111	-	111
Meeting room rental		3,641	-	3,641
Parking rental		28,446	-	28,446
Storage rental		40,864	-	40,864
Computer maintenance & repair		87,915	-	87,915
Auto expense		49,314	-	49,314
General maintenance		3,584	-	3,584
Office supplies		145,464	-	145,464
Printing & graphics supplies		2,932	-	2,932
Computer supplies		78,349	-	78,349
Computer software		1,081,102	-	1,081,102
Computer hardware		228,044	-	228,044
Furniture & fixtures		16,444	-	16,444
Postage & mailing		36,254	-	36,254
Memberships		37,847	53,965	91,812
Library acquisitions & subscriptions		32,002	-	32,002
Law library		20,382	-	20,382
Hosted services		556,592	-	556,592
Advisory member stipend		21,200	51,400	72,600
Audit fees		451,831	-	451,831
Newswire service		11,316	-	11,316
Insurance		335,995	-	335,995
Other		82,739	109,932	192,671
Miscellaneous		-	49,872	49,872
Travel		20,303	228,378	248,681
Professional fees		473,920	-	473,920
Building maintenance		282,972	-	282,972
Subtotal indirect costs		5,328,430	578,143	5,906,573
Carry forward provision for fiscal June 30, 2016		888,794	-	888,794
Depreciation expense		211,720	24,955	236,675
Total indirect costs including depreciation expense		$ 6,428,944	$ 603,098	$ 7,032,042
Indirect costs recovered***		$ 18,629,478		
Indirect (over)/under absorbed		$ 957,674		

*Direct costs include MTC, BATA, SAFE, BAHA, and BAIFA salaries and benefits per Indirect Cost Plan for fiscal year 2018.

** Overhead distributed to MTC, BATA, SAFE, BAHA, and BAIFA per Indirect Cost Plan for fiscal year 2018.

*** Indirect costs recovered at 48.28% per Indirect Cost Plan for fiscal year 2018.

Metropolitan Transportation Commission
Schedule of Expenditures - Federal Highway Administration Grant
FY2018 OWPMTC
For the Year Ended June 30, 2018 — Schedule 9

		MTC	Total
Authorized Expenditures			
Federal		$ 7,989,525	$ 7,989,525
Total authorized expenditures		7,989,525	7,989,525
Actual Expenditures *			
Program No.	*Program Name*		
MTC			
1112	Public Information Program	1,908,853	1,908,853
1113	Support Partnership Board	380,000	380,000
1114	Support Advisory Committees	20,000	20,000
1121	Develop/Produce the 2001 RTP	770,000	770,000
1122	Dev/Anlyz Travel Models & Data	1,785,000	1,785,000
1125	Non-Motorized Transportation	90,000	90,000
1127	Active Transportation Planning	195,745	195,745
1128	Resilience and Hazard	115,586	115,586
1129	Reg Research & Econ Analysis	450,000	450,000
1156	Library Services	200,000	200,000
1212	Dev MTS Performance Measures	150,000	150,000
1311	Dev/Imp Welfare to Work Prgrms	110,000	110,000
1412	Air Quality Conformity	65,000	65,000
1511	Conduct Fin Analy of RTP/Plng	150,000	150,000
1512	Implement Federal Transp Legisln	700,000	700,000
1615	Connecting Hoursing & Transportation	751,000	751,000
Total Expenditures		7,841,184	7,841,184
Balance of Federal Highway Administration Grant		$ 148,341	$ 148,341

*Toll credit match rate (11.47%)

Metropolitan Transportation Commission
Toll Bridge Rate Schedule
For the Year Ended June 30, 2018 — Schedule 10

Number of Axles Per Vehicle	Toll Rate for Fiscal Year Ending June 30, 2016	2017	2018
2 axles	$ 5.00 *	$ 5.00 *	$ 5.00 *
3 axles	15.00	15.00	15.00
4 axles	20.00	20.00	20.00
5 axles	25.00	25.00	25.00
6 axles	30.00	30.00	30.00
7 axles or more	35.00	35.00	35.00

* 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.

Metropolitan Transportation Commission
Schedule of Computations Demonstrating
Bond Covenant Compliance - BATA Proprietary Fund
For the Year Ended June 30, 2018 — Schedule 11

	2018
Revenues	
Toll revenues collected	$ 727,350,431
Investment income	26,455,559
Other operating revenues	28,378,906
Revenues subtotal	782,184,896
Build America Bonds (BABs) interest subsidy	71,451,055
Derivative investment income	79,043,591
Total revenues	932,679,542
Operating expenses	
Operating expenses incurred by Caltrans	25,526,631
Services and charges - BATA	61,754,741
Transbay Terminal JPA operations	4,855,330
Total operating expenses before depreciation and amortization	92,136,702
Depreciation and amortization	7,805,553
Total operating expenses	99,942,255
Net operating income	832,737,287
Nonoperating expenses (revenues)	
Interest expense	455,268,259
Financing fees and bond issuance costs	15,029,947
Caltrans/other agency operating grants	(9,664,789)
Other nonoperating revenues	(2,591,570)
Contribution to BAIFA	2,915,000
Total nonoperating expenses	460,956,847
Income before operating transfers	371,780,440
Operating transfers	
MTC/ SAFE/ CLIPPER administrative & operating transfers	13,717,066
MTC transit transfers:	
AB 664 expenses	8,585,558
90% rail expenses	6,970,978
2% transit expenses	2,023,808
Allocations to other agencies (RM2)	45,070,660
Total operating transfers	76,368,070
Net income before capital transfers	295,412,370
Capital project expenses (revenues)	
Capital expenses	23,206,886
Distribution to Caltrans for their capital purposes	191,396,323
Distributions to other agencies for their capital purposes	155,357,901
Distributions to MTC	1,586,567
Total capital project expenses	371,547,677
Change in net position	(76,135,307)
Total net position - beginning, as restated (note 1.L)	(6,641,353,255)
Total net position - ending	$ (6,717,488,562)

Metropolitan Transportation Commission
Schedule of Computations Demonstrating
Bond Covenant Compliance - BATA Proprietary Fund *continued*
For the Year Ended June 30, 2018 — Schedule 11

		2018
Senior Bond - Debt Service Covenant		
Net revenue[1]	$	756,658,265
Debt service[2]		273,857,635
Debt service coverage[4]		2.76
Debt service coverage - bond covenant requirement		1.20
Net revenue[1] plus operations & maintenance reserve	$	906,658,265
Fixed charges[5], operating transfer and costs[7]		337,500,691
Fixed charges coverage		2.69
Fixed charges coverage - bond covenant requirement		1.25
Combined Bonds - Debt Service Covenant		
Net revenue[1]	$	756,658,265
Debt service[3,10], operating transfer and costs[7,11]		520,474,661
Sum sufficient coverage		1.45
Sum sufficient coverage - bond covenant requirement		1.00
Net revenue[1,6]	$	702,343,859
Debt service[3]		439,577,204
Subordinate debt service coverage		1.60
Subordinate debt service coverage - bond covenant requirement		1.20
Self insurance reserve - Caltrans Cooperative Agreement[9]	$	50,000,000
Operations & maintenance reserve[8,9]		150,000,000
Rehabilitation reserve[9]		120,000,000
Project/operating reserves & variable rate risk reserve[9]	$	680,000,000

[1] Revenues subtotal less Caltrans operating expenses.

[2] Senior debt service expense less BABs interest subsidy on senior bonds plus principal retirement of $55,760,000.

[3] Total debt service expense less BABs interest subsidy plus principal retirement of $55,760,000.

[4] Based on debt outstanding from May 24, 2001 to August 23, 2017.

[5] Fixed charges comprise debt service and operating transfers.

[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 43 years was fulfilled in early September 2010).

[8] Minimum required operation & maintenance reserve is $58 million, but currently maintained at $150 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, 2018 — 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	$ 125,656,833	$ 117,765,960	$ 16,926,707	$ 79,139,058	$ 225,681,648	$ 102,082,870	$ 60,097,355	$ 727,350,431 *
Other operating revenues	4,592,388	5,094,368	561,644	3,277,721	9,264,761	3,616,214	1,971,810	28,378,906
Total operating revenues	130,249,221	122,860,328	17,488,351	82,416,779	234,946,409	105,699,084	62,069,165	755,729,337
Operating expenses								
Operating expenditures-by Caltrans & Transbay JPA	3,812,031	3,536,618	1,621,997	3,186,384	12,657,356	3,294,304	2,273,271	30,381,961
Services and charges	14,677,944	13,756,213	1,977,205	9,244,214	26,361,819	11,924,275	7,019,957	84,961,627
Allocations to other agencies	7,786,393	7,297,431	1,048,872	4,903,894	13,984,485	6,325,620	3,723,965	45,070,660
Depreciation	1,345,280	1,268,963	180,628	851,242	2,426,645	1,091,713	641,082	7,805,553
Total operating expenses	27,621,648	25,859,225	4,828,702	18,185,734	55,430,305	22,635,912	13,658,275	168,219,801
Operating income	$ 102,627,573	$ 97,001,103	$ 12,659,649	$ 64,231,045	$ 179,516,104	$ 83,063,172	$ 48,410,890	$ 587,509,536
*Toll revenues by Program								
Regional Measure 1 (RM 1)	27,926,820	25,386,169	3,805,980	17,021,532	49,396,403	22,287,532	12,799,988	158,624,424
Regional Measure 2 (RM 2)	21,333,510	20,789,736	2,767,044	14,117,820	41,866,613	17,930,311	10,883,769	129,688,803
Seismic Program	76,396,503	71,590,055	10,353,683	47,999,706	134,418,632	61,865,027	36,413,598	439,037,204
Total toll revenues	$ 125,656,833	$ 117,765,960	$ 16,926,707	$ 79,139,058	$ 225,681,648	$ 102,082,870	$ 60,097,355	$ 727,350,431

Metropolitan Transportation Commission
Combining Statement of Changes in Assets and Liabilities by Participant - Agency Funds
For the Year Ended June 30, 2018

Schedule 13

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
County of Alameda				
Assets				
Cash and investments	$ 24,845,276	$ 84,179,590	$ 86,216,633	$ 22,808,233
Interest receivables	33,000	50,000	33,000	50,000
Total Assets	$ 24,878,276	$ 84,229,590	$ 86,249,633	$ 22,858,233
Liabilities				
Accounts payable and accrued liabilities	$ 1,878,452	$ 85,188,843	$ 85,843,162	$ 1,224,133
Due to other governments	22,999,824	(959,253)	406,471	21,634,100
Total Liabilities	$ 24,878,276	$ 84,229,590	$ 86,249,633	$ 22,858,233
County of Contra Costa				
Assets				
Cash and investments	$ 18,128,549	$ 46,172,986	$ 44,744,309	$ 19,557,226
Accounts receivable	$ 67,527	$ -	$ 67,527	$ -
Total Assets	$ 18,196,076	$ 46,172,986	$ 44,811,836	$ 19,557,226
Liabilities				
Accounts payable and accrued liabilities	$ 575,148	$ 43,518,435	$ 43,022,669	$ 1,070,914
Due to other governments	17,620,928	2,654,551	1,789,167	18,486,312
Total Liabilities	$ 18,196,076	$ 46,172,986	$ 44,811,836	$ 19,557,226
County of Marin				
Assets				
Cash and investments	$ 638,588	$ 13,135,445	$ 12,929,115	$ 844,918
Interest receivables	2,030	-	2,030	-
Total Assets	$ 640,618	$ 13,135,445	$ 12,931,145	$ 844,918
Liabilities				
Accounts payable and accrued liabilities	$ 49,646	$ 12,383,396	$ 12,404,562	$ 28,480
Due to other governments	590,972	752,049	526,583	816,438
Total Liabilities	$ 640,618	$ 13,135,445	$ 12,931,145	$ 844,918
County of Napa				
Assets				
Cash and investments	$ 5,711,951	$ 9,386,940	$ 9,110,592	$ 5,988,299
Total Assets	$ 5,711,951	$ 9,386,940	$ 9,110,592	$ 5,988,299
Liabilities				
Accounts payable and accrued liabilities	$ 49,610	$ 8,779,878	$ 8,772,869	$ 56,619
Due to other governments	5,662,341	607,062	337,723	5,931,680
Total Liabilities	$ 5,711,951	$ 9,386,940	$ 9,110,592	$ 5,988,299

Metropolitan Transportation Commission
Combining Statement of Changes in Assets and Liabilities by Participant - Agency Funds, *continued*
For the Year Ended June 30, 2018 — Schedule 13

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
County of San Francisco				
Assets				
Cash and investments	$ 1,016,111	$ 50,015,965	$ 49,722,941	$ 1,309,135
Interest receivables	3,436	30,000	3,436	30,000
Total Assets	$ 1,019,547	$ 50,045,965	$ 49,726,377	$ 1,339,135
Liabilities				
Accounts payable and accrued liabilities	$ 420,288	$ 45,318,504	$ 45,556,946	$ 181,846
Due to other governments	599,259	4,727,461	4,169,431	1,157,289
Total Liabilities	$ 1,019,547	$ 50,045,965	$ 49,726,377	$ 1,339,135
County of San Mateo				
Assets				
Cash and investments	$ 6,483,839	$ 42,300,529	$ 40,345,221	$ 8,439,147
Interest receivables	22,143	-	22,143	-
Total Assets	$ 6,505,982	$ 42,300,529	$ 40,367,364	$ 8,439,147
Liabilities				
Accounts payable and accrued liabilities	$ 73,380	$ 38,995,694	$ 38,703,797	$ 365,277
Due to other governments	6,432,602	3,304,835	1,663,567	8,073,870
Total Liabilities	$ 6,505,982	$ 42,300,529	$ 40,367,364	$ 8,439,147
County of Santa Clara				
Assets				
Cash and investments	$ 7,076,468	$ 114,842,129	$ 114,428,352	$ 7,490,245
Total Assets	$ 7,076,468	$ 114,842,129	$ 114,428,352	$ 7,490,245
Liabilities				
Accounts payable and accrued liabilities	$ 1,288,237	$ 104,308,432	$ 104,861,308	$ 735,361
Due to other governments	5,788,231	10,533,697	9,567,044	6,754,884
Total Liabilities	$ 7,076,468	$ 114,842,129	$ 114,428,352	$ 7,490,245
County of Solano				
Assets				
Cash and investments	$ 24,859,780	$ 19,910,311	$ 16,312,875	$ 28,457,216
Total Assets	$ 24,859,780	$ 19,910,311	$ 16,312,875	$ 28,457,216
Liabilities				
Accounts payable and accrued liabilities	$ 790,492	$ 15,406,039	$ 15,452,553	$ 743,978
Due to other governments	24,069,288	4,504,272	860,322	27,713,238
Total Liabilities	$ 24,859,780	$ 19,910,311	$ 16,312,875	$ 28,457,216

Metropolitan Transportation Commission
Combining Statement of Changes in Assets and Liabilities by Participant - Agency Funds, *continued*
For the Year Ended June 30, 2018 — Schedule 13

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
County of Sonoma				
Assets				
Cash and investments	$ 10,209,907	$ 24,665,866	$ 25,906,775	$ 8,968,998
Total Assets	$ 10,209,907	$ 24,665,866	$ 25,906,775	$ 8,968,998
Liabilities				
Accounts payable and accrued liabilities	$ 1,373,811	$ 23,722,325	$ 24,866,814	$ 229,322
Due to other governments	8,836,096	943,541	1,039,961	8,739,676
Total Liabilities	$ 10,209,907	$ 24,665,866	$ 25,906,775	$ 8,968,998
AB1107				
Assets				
Cash	$ -	$ 86,018,304	$ 79,545,589	$ 6,472,715
Total Assets	$ -	$ 86,018,304	$ 79,545,589	$ 6,472,715
Liabilities				
Accounts payable and accrued liabilities	$ -	$ 86,018,304	$ 79,545,589	$ 6,472,715
Total Liabilities	$ -	$ 86,018,304	$ 79,545,589	$ 6,472,715
Clipper®				
Assets				
Cash	$ 85,490,075	$ 441,918,626	$ 425,042,230	$ 102,366,471
Accounts receivable	7,232,890	1,085,905,234	1,084,240,521	8,897,603
Total Assets	$ 92,722,965	$ 1,527,823,860	$1,509,282,751	$ 111,264,074
Liabilities				
Accounts payable and accrued liabilities	$ 92,722,965	$ 786,643,309	$ 768,102,200	$ 111,264,074
Total Liabilities	$ 92,722,965	$ 786,643,309	$ 768,102,200	$ 111,264,074
Total - All Agency Funds				
Assets				
Cash and investments	184,460,544	$ 932,546,691	$ 904,304,632	$ 212,702,603
Interest receivable	60,609	80,000	60,609	80,000
Accounts receivable	7,300,417	1,085,905,234	1,084,308,048	8,897,603
Total Assets	$ 191,821,570	$ 2,018,531,925	$1,988,673,289	$ 221,680,206
Liabilities				
Accounts payable and accrued liabilities	$ 99,222,029	$ 1,250,283,159	$1,227,132,469	$ 122,372,719
Due to other governments	92,599,541	27,068,215	20,360,269	99,307,487
Total Liabilities	$ 191,821,570	$ 1,277,351,374	$1,247,492,738	$ 221,680,206

Metropolitan Transportation Commission
Statement of Cash Collections and Disbursements - Agency Fund
Clipper® Program
For the Year Ended June 30, 2018 — Schedule 14

Cash Collections		
Autoload and remote add value	$	252,940,332
Third party		182,339,649
Other receipts		6,638,645
Total Cash Collections		441,918,626
Cash Disbursements		
Disbursements to operator		402,694,616
Patron refunds		9,350,157
Other disbursements		12,997,457
Total Cash Disbursements		425,042,230
Net Increase in Cash		16,876,396
Cash - beginning balance		85,490,075
Cash - ending balance	$	102,366,471

Metropolitan Transportation Commission
Schedule of Interest Rate Swaps Summary-BATA Proprietary Fund
For the Year Ended June 30, 2018 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+/A1
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+/Aa3
Bank of America, N.A.	-	155,000,000	50,000,000	205,000,000	14%	A+/Aa3
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	$ (32,005,493)	$ (148,883,570)	$ (130,849,303)	$ (311,738,366)		

Metropolitan Transportation Commission

Schedule of Interest Rate Swaps for Series 2001 - BATA Proprietary Fund

For the Year Ended June 30, 2018 — 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/Negative	
Fair value due from/ (to) CP[1]	$(19,526,049)	$(12,479,444)	$(32,005,493)
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, 2018 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+/Aa3	A+/A1	A+/Aa3	A+/Aa2	AA-/Aa2	A+/Aa3	
Ratings outlook	Stable/Stable	Stable/Positive	Stable/Stable	Stable/Negative	Stable/No outlook provided	Stable/Stable	
Fair value due from/ (to) CP[1]	$(65,209,285)	$(22,278,984)	$(7,277,916)	$(21,310,427)	$(14,633,237)	$(18,173,721)	$(148,883,570)
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	Yes	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, 2018 — 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+/A1	A+/Aa3	AA-/Aa2	AA-/Aa2	AA-/Aa2	
Ratings outlook	Stable/Positive	Stable/Stable	Stable/No outlook provided	Stable/Stable	Stable/Stable	
Fair value due from/(to) CP[1]	$(52,257,066)	$(12,543,304)	$(21,456,172)	$(42,911,917)	$(1,680,844)	$ (130,849,303)
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)	Yes	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									
	2009	2010*	2011*	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	$ 8,393	$ 7,936	$ 7,277	$ 6,712	$ 6,134	$ 5,737	$ 5,080	$ 5,072	$ 364	$ 358
Restricted	329,243	467,544	332,378	406,868	376,343	372,455	392,812	471,623	489,425	528,724
Unrestricted	(29,911)	(21,259)	(6,534)	(3,388)	23,983	28,005	33,891	(24,215)	(72,160)	(70,871)
Total governmental activities net position	307,725	454,221	333,121	410,192	406,460	406,197	431,783	452,480	417,629	458,211
Business-type activities										
Net investment in capital assets	$ 12,779	$ 18,199	$ 17,825	$ 19,192	$ 23,112	$ 27,033	$ 28,516	$ 56,525	$ 78,054	$ 89,436
Restricted	293,873	200,000	200,000	200,000	200,000	200,000	200,000	203,559	200,266	201,343
Unrestricted	(3,304,407)	(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)
Total business-type activities net position	(2,997,755)	(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)
Total primary government										
Net investment in capital assets	$ 21,172	$ 26,135	$ 25,102	$ 25,904	$ 29,246	$ 32,770	$ 33,596	$ 61,597	$ 78,418	$ 89,794
Restricted	623,116	667,544	532,378	606,868	576,343	572,455	592,812	675,182	689,691	730,067
Unrestricted	(3,334,318)	(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)
Total primary government net position	$ (2,690,030)	$ (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)

*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*. Fiscal year 2009 has not been restated as permitted by the standards.

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

Table 2

	FISCAL YEAR									
	2009	2010*	2011*	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	$ 86,672	$ 97,260	$ 78,611	$ 77,165	$ 69,123	$ 78,763	$ 81,168	$ 77,038	$ 103,883	$ 87,487
Transportation	99,154	54,852	149,092	124,269	210,916	237,098	195,039	156,045	204,294	192,139
Total governmental activities expenses	185,826	152,112	227,703	201,434	280,039	315,861	276,207	233,083	308,177	279,626
Business-type activities:										
Clipper smart card	-	-	52,048	34,846	38,319	37,393	37,264	44,090	45,094	44,885
Toll bridge activities	1,299,135	1,300,850	1,569,444	1,352,120	1,189,447	1,586,156	1,008,115	935,544	980,645	988,187
Congestion relief	14,363	17,309	17,939	18,693	17,763	12,742	11,697	10,419	11,463	10,569
Total business-type activities expenses	1,313,498	1,318,159	1,639,431	1,405,659	1,245,529	1,636,291	1,057,076	990,053	1,037,202	1,043,641
Total primary government expenses	$ 1,499,324	$ 1,470,271	$1,867,134	$1,607,093	$ 1,525,568	$ 1,952,152	$ 1,333,283	$ 1,223,136	$1,345,379	$ 1,323,267
Program Revenues										
Governmental activities:										
Operating grants and contributions	$ 85,048	$ 249,436	$ 74,274	$ 245,171	$ 250,529	$ 301,254	$ 303,823	$ 233,919	$ 247,211	$ 303,748
Capital grants and contributions	61,796	10,673	-	-	-	-	-	-	-	-
Total governmental activities program revenues	146,844	260,109	74,274	245,171	250,529	301,254	303,823	233,919	247,211	303,748
Business-type activities:										
Charges for services	492,963	486,889	622,906	660,156	690,181	713,147	740,510	760,872	772,292	785,383
Operating grants and contributions	53,490	131,872	281,918	263,080	272,281	393,471	95,622	102,705	88,931	90,664
Capital grants and contributions	-	-	327	-	-	81,209	-	3,559	9,220	11,294
Total business-type activities program revenues	546,453	618,761	905,151	923,236	962,462	1,187,827	836,132	867,136	870,443	887,341
Total primary government program revenues	$ 693,297	$ 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
Net (expense)/revenue										
Governmental activities	$ (38,982)	$ 107,997	$ (153,429)	$ 43,737	$ (29,510)	$ (14,607)	$ 27,616	$ 836	$ (60,966)	$ 24,122
Business-type activities	(767,045)	(699,398)	(734,280)	(482,423)	(283,067)	(448,464)	(220,944)	(122,917)	(166,759)	(156,300)
Total primary government net expense	$ (806,027)	$ (591,401)	$ (887,709)	$ (438,686)	$ (312,577)	$ (463,071)	$ (193,328)	$ (122,081)	$ (227,725)	$ (132,178)

*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*. Fiscal year 2009 has not been restated as permitted by the standards.

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

	FISCAL YEAR									
	2009	2010*	2011*	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Restricted investment earnings	$ 784	$ 222	$ 408	$ 204	$ 144	$ 285	$ 493	$ 1,172	$ 1,885	$ 4,336
Unrestricted investment earnings	5,002	1,963	2,448	2,416	1,988	1,650	1,520	1,705	2,372	5,091
Gain on sale of capital assets	-	-	-	-	-	-	-	-	6,628	-
Transfers	28,003	36,314	29,473	30,714	23,645	12,409	15,336	16,984	15,231	17,142
Total governmental activities	33,789	38,499	32,329	33,334	25,777	14,344	17,349	19,861	26,116	26,569
Business-type activities:										
Unrestricted investment earnings	149	(14,866)	33,452	(70,557)	53,714	(1,256)	(277,337)	(175,359)	171,808	105,878
Contributed capital	-	-	-	-	-	-	-	-	29,700	-
Extraordinary item	-	-	-	-	-	-	-	-	1,378	(127)
Transfers	(28,003)	(36,314)	(29,473)	(30,714)	(23,645)	(12,409)	(15,336)	(16,984)	(15,231)	(17,142)
Total business-type activities	(27,854)	(51,180)	3,979	(101,271)	30,069	(13,665)	(292,673)	(192,343)	187,655	88,609
Total primary government	$ 5,935	$ (12,681)	$ 36,308	$ (67,937)	$ 55,846	$ 679	$ (275,324)	$ (172,482)	$ 213,771	$ 115,178
Change in Net Position										
Governmental activities	$ (5,194)	$ 146,496	$ (121,100)	$ 77,072	$ (3,733)	$ (263)	$ 44,965	$ 20,697	$ (34,850)	$ 50,691
Business-type activities	(794,899)	(750,578)	(730,301)	(583,694)	(252,998)	(462,129)	(513,617)	(315,260)	20,896	(67,691)
Total primary government	$ (800,093)	$ (604,082)	$ (851,401)	$ (506,622)	$ (256,731)	$ (462,392)	$ (468,652)	$ (294,563)	$ (13,954)	$ (17,000)

*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*. Fiscal year 2009 has not been restated as permitted by the standards.

Metropolitan Transportation Commission

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

By Fiscal Year

Table 3

	FISCAL YEAR 2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Nonspendable	$ 593	$ 763	$ 918	$ 1,037	$ 1,033	$ 1,209	$ 1,328	$ 1,305	$ 823	$ 822
Restricted for	5,086	2,734	1,954	2,389	1,254	528	512	158	49	27
Committed to	3,836	4,960	2,855	3,992	1,961	2,688	3,132	6,014	4,002	3,956
Unassigned	10,210	11,009	17,834	20,363	26,641	29,750	31,705	32,893	36,791	41,608
Total general fund	$ 19,725	$ 19,466	$ 23,561	$ 27,781	$ 30,889	$ 34,175	$ 36,677	$ 40,370	$ 41,665	$ 46,413
All other governmental funds										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2
Restricted for	268,794	415,129	290,757	362,492	349,615	339,144	384,916	432,015	449,183	492,175
Committed to	6,550	7,573	7,509	8,573	15,096	21,501	28,024	28,985	30,216	34,051
Unassigned	-	-	-	-	-	-	(10,445)	(40,998)	(92,221)	(94,371)
Total all other governmental funds	$ 275,344	$ 422,702	$ 298,266	$ 371,065	$ 364,711	$ 360,645	$ 402,495	$ 420,002	$ 387,178	$ 431,857

Metropolitan Transportation Commission

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

By Fiscal Year

Table 4

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Sales taxes	$ 9,848	$ 8,824	$ 9,644	$ 10,504	$ 11,162	$ 11,735	$ 12,374	$ 12,812	$ 13,089	$ 13,650
Grants - Federal	41,426	63,559	48,819	50,022	45,795	52,831	56,491	48,950	65,220	54,365
Grants - State	61,796	148,976	5,392	145,788	160,060	151,916	148,032	115,262	105,027	222,417
Local agencies revenues and refunds	33,774	46,755	18,419	46,022	41,148	88,712	86,553	57,917	63,532	13,247
Investment income - unrestricted	5,002	1,963	2,448	2,416	1,988	1,650	1,520	1,705	2,372	5,091
Investment income - restricted	783	222	408	204	144	285	493	1,173	1,885	4,336
Total revenues	152,629	270,299	85,130	254,956	260,297	307,129	305,463	237,819	251,125	313,106
Expenditures										
General government	64,358	70,100	72,612	70,376	65,175	70,387	68,463	63,439	68,456	64,713
Allocation to other agencies	107,027	66,875	162,266	138,105	221,642	249,434	207,804	169,527	228,987	215,949
Capital outlay	13,542	22,538	66	170	372	496	180	639	165	159
Contribution to Bay Area Headquarters Authority	-	-	-	-	-	-	-	-	11,423	-
Total expenditures	184,927	159,513	234,944	208,651	287,189	320,317	276,447	233,605	309,031	280,821
Excess of revenues over (under) expenditures	(32,298)	110,786	(149,814)	46,305	(26,892)	(13,188)	29,016	4,214	(57,906)	32,285
Other financing sources (uses)										
Transfer in	57,683	44,195	35,310	34,468	30,666	31,249	33,190	32,082	29,597	31,737
Transfer out	(29,680)	(7,881)	(5,838)	(3,754)	(7,021)	(18,841)	(17,854)	(15,098)	(14,366)	(14,595)
Sale of capital assets	-	-	-	-	-	-	-	-	11,147	-
Total other financing sources (uses)	28,003	36,314	29,472	30,714	23,645	12,408	15,336	16,984	26,378	17,142
Net change in fund balances	$ (4,295)	$ 147,100	$ (120,342)	$ 77,019	$ (3,247)	$ (780)	$ 44,352	$ 21,198	$ (31,528)	$ 49,427

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	Gain (Loss) on Sale of Capital Assets	Total
2009	[1]	$ 492,963,040	$ 200,334,018	$ -	$ 783,516	$ 5,150,515	$ -	$ -	$ 699,231,089
2010	[2]	486,888,891	381,308,169	10,672,699	221,925	(12,903,019)	-	-	866,188,665
2011	[3]	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	[4]	690,180,714	522,809,673	-	144,217	55,701,920	-	-	1,268,836,524
2014	[5]	713,146,710	694,725,536	81,209,050	284,620	394,366	-	-	1,489,760,282
2015	[6]	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	8,005,978	1,331,425,612
2018		$ 785,383,349	$ 394,411,700	$ 11,294,137	$ 4,335,949	$ 110,968,421	$ -	$ (127,308)	$ 1,306,266,248

[1] Excludes $708 million bond proceeds

[2] Excludes $2.069 billion bond proceeds

[3] Excludes $2.385 billion bond proceeds

[4] Excludes $908 million bond proceeds

[5] Excludes $900 million bond proceeds

[6] 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
2009	$	86,671,886	$	99,153,429	$	1,299,135,147	$	14,363,137	$	-	$	1,499,323,599
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	$	10,568,893	$	44,884,890	$	1,323,266,943

*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.* Fiscal year 2009 has not been restated as permitted by the standards.

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
2009	$ 163,424,734	$ 56,451,232	$ 35,491,342	$ 83,121,692	$ 73,535,614	$ 9,848,575	$ 48,263,187	$ 470,136,376
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

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
2009	45,568,253	15,466,520	10,214,522	21,091,173	18,295,365	2,345,007	12,215,518	125,196,358
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

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
2009							
No. of paid vehicles ('000s)	2,208	17,426	19,441	11,542	13,629	8,708	40,118
Average toll rate	$ 4.46	$ 4.22	$ 4.28	$ 4.18	$ 4.14	$ 4.08	$ 4.07
Total revenues	$ 9,849	$ 73,536	$ 83,122	$ 48,263	$ 56,451	$ 35,491	$ 163,425
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	17,980	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

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
2009	$ 4,338,155,000	$ 282,727,772	$ 4,055,427,228	$ 470,136,376	32
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

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
2009	$ 470,136,376	$ 101,572,555	$ 368,563,821	$ 40,865,000	$ 197,742,351	1.54
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

* 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*. Fiscal year 2009 has not been restated as permitted by the standards.

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

Metropolitan Transportation Commission
Miscellaneous Statistics (unaudited)
June 30, 2018 — 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)	291
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	7,772,586
Number of Toll Bridges in the Region	8
Traffic for All Toll Bridges - Number of Vehicles (excluding Golden Gate Bridge, Highway and Transportation District)	143,854,431
Toll Revenues (excluding Golden Gate Bridge, Highway and Transportation District)	$727,350,431
Number of Call Boxes in the Region	934

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]
2009	7,375,678	N/A	N/A	978,117	10.58 %
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 %

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 2018 and 2009 — Table 14

2018[1]			2009[2]		
Employer	Employees	Rank	Employer	Employees	Rank
Kaiser Permanente	46,044	1	Kaiser Permanente	29,641	1
City and County of San Francisco	29,962	2	City and County of San Francisco	27,885	2
Sutter Health	25,435	3	State of California	25,573	3
University of California, San Francisco	25,398	4	University of California, Berkeley	25,500	4
University of California, Berkeley	23,200	5	University of California, San Francisco	18,480	5
State of California	15,213	6	Safeway Inc.	18,050	6
Stanford University	14,727	7	Wells Fargo Bank	16,558	7
Safeway Inc.	14,274	8	US Postal Service	16,116	8
Wells Fargo Bank	14,119	9	Stanford University	9,821	9
Facebook	14,000	10	United Airlines	9,600	10

Data Sources

[1]2018 Book of Lists, San Francisco Business Times

[2]2009 Book of Lists, San Francisco Business Times

Metropolitan Transportation Commission
Full-Time Equivalent Employees by Function (unaudited)
Last Ten Fiscal Years
Table 15

Functions	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
General government	66	63	64	74	68	69	64	77	74	86
Transportation	67	67	67	64	73	76	76	83	79	122
Business-type Activities										
Toll bridge activities	33	33	34	33	34	41	54	58	64	65
Congestion relief	4	5	5	5	5	5	4	5	5	4
BAHA	-	-	-	-	-	-	3	6	10	9
	170	168	170	176	180	191	201	229	232	286

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
2009	$ 452,003	$16,711,761	2.70%
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%

* From MTC records