

Comprehensive Annual Financial Report

For the Fiscal Year Ended
June 30, 2020

Prepared by the MTC Finance Section
State of California



Comprehensive Annual Financial Report



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State of California

Metropolitan Transportation Commission
June 30, 2020
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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 28, 2020

Scott Haggerty, Chair
Alameda County

Alfredo Pedroza, Vice Chair
Napa County and Cities

Jeanne 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
San Francisco Bay Conservation
and Development Commission

Nick Josefowitz
San Francisco Mayor's Appointee

Sam Liccardo
San Jose Mayor's Appointee

Jake Mackenzie
Sonoma County and Cities

Gina Papan
Cities of San Mateo County

David Rabbitt
Association of Bay Area Governments

Hillary Ronen
City and County of San Francisco

Libby Schaaf
Oakland Mayor's Appointee

Warren Stocum
San Mateo County

James P. Spering
Solano County and Cities

James Strucner
U.S. Department of Housing
and Urban Development

Tony Tavares
California State
Transportation Agency

Amy R. Worth
Cities of Contra Costa County

Therese W. McMillan
Executive Director

Alix Bockelmann
Deputy Executive Director, Policy

Andrew B. Freunier
Deputy Executive Director, Operations

Brad Paul
Deputy Executive Director,
Local Government Services

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, 2020. 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, 2020. 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, 2020, are free of material misstatement. In addition, MTC is required to undergo a Single Audit of Federal Programs conducted under the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The agency's independent auditor, Crowe LLP, has issued an unmodified opinion on the Metropolitan Transportation Commission's financial statements for the year ended June 30, 2020. The independent auditor's report is located in the front of the financial section of this report.

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

The CAFR for the fiscal year ended June 30, 2020, includes financial information for all funds, accounts and fiduciary activities for which MTC has financial accountability. MTC also participates in numerous boards, groups and associations. While MTC participates in such activities, MTC does not have an ongoing financial interest or administrative control over such entities and, as such, information related to these outside groups and associations are excluded from this report.

Profile of the Government:

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

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

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

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

Local economy:

The Bay Area is one of the strongest and most diversified economies in the nation including several Fortune 500 companies and major research universities. However, the region ended an eight-year streak of continuing economic growth during FY year 2020. The statewide shelter-in-place order issued in March, 2020 brought the local Bay Area economy almost to a standstill while the impact of the pandemic pushed

the national economy into a formal recession starting in April 2020. Given the unique and severe nature of the economic downturn, at this stage it is impossible to predict its depth or duration.

There may be signs that we have reached the economic bottom. Retail sales for July 2020 were 10% above the July 2019 total, after falling 22% in the final three months of FY 2020. Bridge toll traffic has recovered to nearly 80% of pre-pandemic levels after being down over 50% as recently as April 2020. If past recessions are any indication, full economic recovery will not occur for two to three years.

MTC is fortunate to have significant diversity in our overall revenue stream. Over 60% of all governmental fund revenue is derived from various state and federal grant resources that are not dependent on the overall economy for allocation. In addition, both bridge toll and express lane toll levels can be raised if necessary to protect operating integrity, particularly debt service costs in BATA. While the time to economic recovery will certainly impact MTC revenue, the nature of MTC's grant responsibilities and strong liquidity across all funds and entities will assure that MTC can continue to administer regional transportation planning and funding with little interruption in service while we wait out yet another recession.

Long-term financial planning:

There is no surprise that the recent economic recession will put pressure on managing MTC expenses. MTC has been the recipient of the growing and expanding economy of the San Francisco Bay Area for the past eight years. Since the Great Recession sales tax revenue has grown over 60%. Over the same period, however, staffing and affiliated costs have risen over 68%, including the incorporation of the entire operating functions and 70 employees from the consolidation of MTC and Association of Bay Area Governments (ABAG) operations. Increased pressure on operating costs combined with the vulnerability of some MTC revenue to economic swings requires ongoing review of opportunities to evaluate operating costs for potential savings.

Unfunded retirement benefits is one of the fastest growing benefit expenses yet offers significant opportunities for savings. Post-Retirement benefits have grown from 16% to 33% of MTC annual payroll since FY 2014. Over that time the annual Actuarial Determined Contribution (ADC) nearly doubled. MTC has developed a multi-year plan to eliminate the unfunded post-employment liability. MTC has already completed the retirement of the unfunded Other Post Employment Benefit (OPEB) liability through an IRS Section 115 Trust. MTC has made additional pension contributions through CalPERS and completed a new "Fresh Start" re-amortizing the remaining liability over 12 years. MTC also plans to open a second IRS Section 115 Trust to prefund pension obligations and will use excess funding in the OPEB trust to prefund potential changes in pension computations. When completed, the MTC plan will retire the entire post-employment benefit liability and save more than \$20 million in future interest costs.

Financial Policies:

MTC continues to maintain strong financial policies for budget and reserve structures that help protect against economic swings and maintain operating liquidity. MTC policies require submission of balanced budgets with reasonable estimates for future revenue and expense projections. Further, MTC has established a series of reserve funds equal to at least 50% of the respective operating budgets. MTC expects to utilize a portion of these reserves to cover revenue shortfalls from the FY 2020 and FY 2021 operating years. By policy, the reserves will be restored to designated levels from future revenue. In addition, these reserves provide the operating liquidity necessary to run MTC's significant grant funded projects, allowing contracts and projects to proceed on a project readiness basis rather than forcing delays for cash-flow management.

Awards and Acknowledgments:

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Metropolitan Transportation Commission for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019. This was the seventeenth 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 and delivery of this report would not have been possible without the help of the dedicated staff at MTC. I thank everyone who contributed, especially the MTC finance staff for their hard work and dedication in producing this report in an accurate and timely manner.

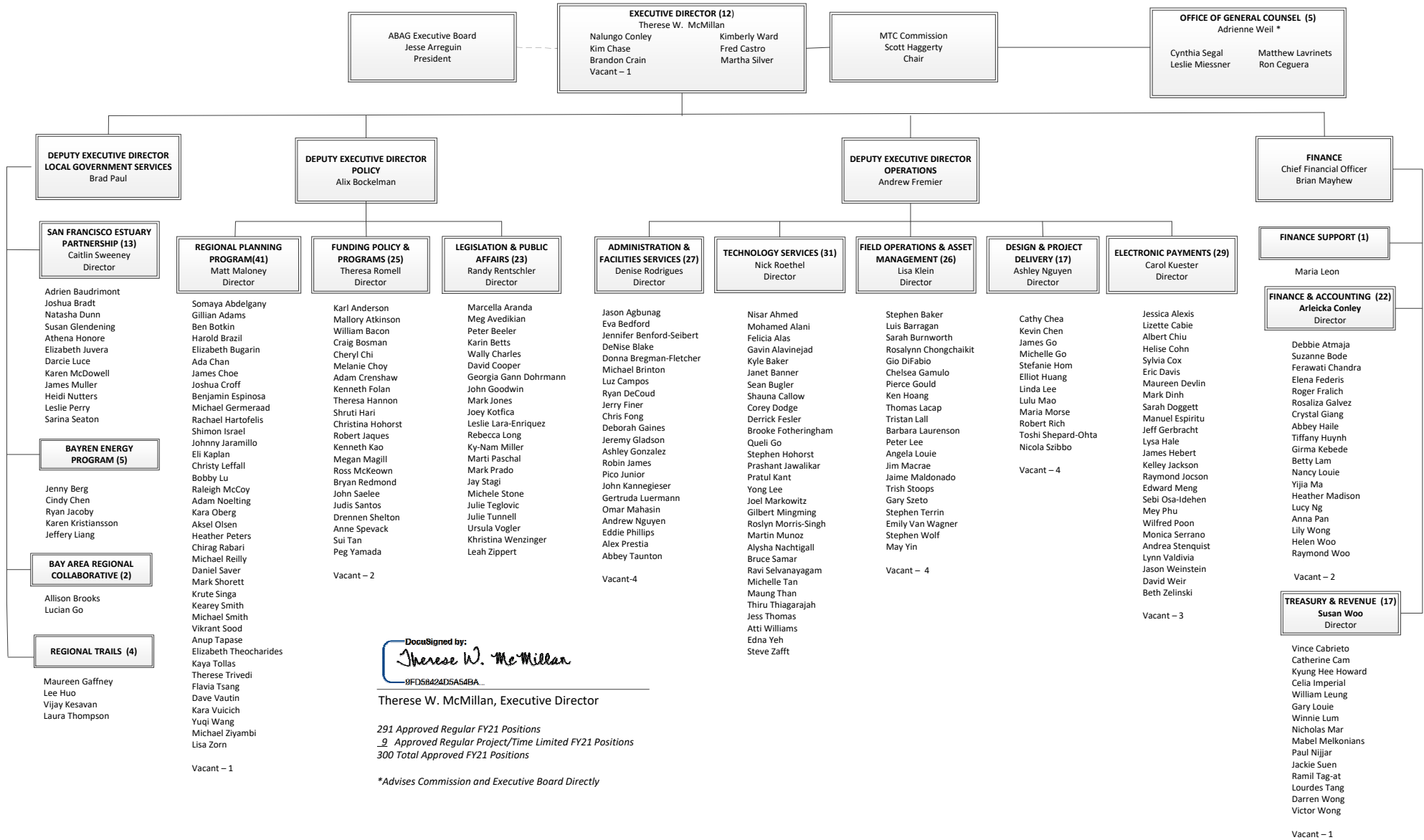
Sincerely,

A handwritten signature in black ink, appearing to read "Brian Mayhew", with a long, sweeping horizontal line extending to the right.

Brian Mayhew
Chief Financial Officer

Metropolitan Transportation Commission

Staffing Organization as of July 1, 2020



DocuSigned by:

 9FD58424D5A54BA...
 Therese W. McMillan, Executive Director

291 Approved Regular FY21 Positions
 9 Approved Regular Project/Time Limited FY21 Positions
 300 Total Approved FY21 Positions

*Advises Commission and Executive Board Directly

COMMISSIONERS

Scott Haggerty, Chair	Alameda County
Alfredo Pedroza, Vice Chair	Napa County and Cities
Eddie H. Ahn	SF Bay Conservation and Development Commission
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. Giacomini	U.S. Department of Transportation
Federal D. Glover	Contra Costa County
Nick Josefowitz	San Francisco Mayor's Appointee
Sam Liccardo	San Jose Mayor's Appointee
Jake Mackenzie	Sonoma County and Cities
Gina Papan	Cities of San Mateo County
David Rabbitt	Association of Bay Area Governments
Hillary Ronen	City and County of San Francisco
Libby Schaaf	Oakland Mayor's Appointee
Warren Slocum	San Mateo County
James P. Spering	Solano County and Cities
James Stracner	U.S. Department of Housing and Urban Development
Tony Tavares	California State Transportation Agency
Amy R. Worth	Cities of Contra Costa County

APPOINTED OFFICIALS

Therese McMillan	Executive Director
Adrienne Weil	Legal Counsel



Government Finance Officers Association

**Certificate of
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**Metropolitan Transportation Commission
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

INDEPENDENT AUDITOR'S REPORT

Commissioners
Metropolitan Transportation Commission

Report on the Financial Statements

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 year ended June 30, 2020, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 Commission as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior-Year Comparative Information

The partial comparative information presented herein as of and for the year ended June 30, 2019, was derived from the financial statements of the Commission for the fiscal year ended June 30, 2019, which were audited by other auditors whose report dated October 29, 2019, expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The introductory section, other supplementary information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2020 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, flowing style.

Crowe LLP

San Francisco, California
October 28, 2020

Metropolitan Transportation Commission
Financial Statements for the year ended June 30, 2020
Management's Discussion and Analysis (unaudited - \$ in thousands)

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Metropolitan Transportation Commission

Financial Statements for the year ended June 30, 2020

Management's Discussion and Analysis (unaudited)

Management's Discussion and Analysis

This section presents an overview of the financial activities of the Metropolitan Transportation Commission (MTC), as well as its blended and discretely presented component units as discussed separately below for the year ended June 30, 2020. Except as otherwise stated, all amounts described below are expressed in thousands of dollars.

A. Financial Highlights

Fiscal year 2020 was a busy and complex year for MTC. While the year started with concerns about a slowing economy, by April 2020 the economy had plunged into a sharp recession. The implementation of statewide shelter-in-place orders has had a dramatic effect on MTC's revenue and put a premium on controlling expenses in order to maintain our transportation and project funding programs and still maintain as much of the existing operating reserves structure as possible to protect against a prolonged economic slump. Some impacts include:

- Total sales tax revenue fell by 5% for the first time in nine years with 20%, 29%, and 18% drops for April through June respectively.
- Paid toll traffic on the seven BATA bridges fell 14% for FY 2020 with a decline of 61%, 47%, and 23% of FY 2019 traffic in the months of April through June, respectively.
- Cash collections on the seven BATA bridges were suspended due to the state shelter-in-place order. Invoices replaced cash collections.
- The I680 Express Lane suspended the toll collection from April to June.

Despite the revenue impacts, there were positive aspects for MTC:

- MTC fully retired its unfunded OPEB liability with all funds now in an IRS Section 115 Trust.
- MTC advance funded a portion its unfunded pension liability reducing the liability in half, reducing the scheduled amortization to twelve years and saving approximately \$20 million in future interest payments.
- Controlling expenses allowed the MTC General Fund to post a positive ending balance for FY 2020.
- MTC successfully defended the RM3 toll increase approved by the voters in November 2018. Unfortunately \$183 million in collected RM3 toll revenue will remain in escrow pending the outcome of the plaintiff's appeal to the State Supreme Court.

All MTC operating units, MTC, Bay Area Toll Authority (BATA) and MTC Service Authority for Freeways and Expressways (MTC SAFE) adopted balanced budgets for FY 2020-2021. To protect against economic downturns, MTC maintains a series of operating reserves that are equal to a minimum of six months operating costs. While MTC has included strategic initiatives to maintain our budget integrity, such as controlling hiring and delaying certain capital programs, MTC has committed to utilizing approximately 15% of its reserves to provide balanced budgets and maintain important operating and capital programming. Any use of existing reserves will be replenished with future revenue.

Metropolitan Transportation Commission
Financial Statements for the year ended June 30, 2020
Management's Discussion and Analysis (unaudited - \$ in thousands)

B. Overview of the Financial Statements

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

The Statement of Net Position presents financial information on all of MTC's assets, liabilities, deferred outflows and inflows of resources. The difference between the assets plus deferred outflows 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 fiscal year. All changes in net position are recorded as revenues are earned and expenses are incurred, regardless of the timing of related cash flows.

MTC is composed of governmental and business-type funds and activities as well as two discretely presented component units. The governmental funds are comprised of the general fund and the special revenue funds. The business or proprietary funds are MTC Clipper[®], BATA, MTC SAFE, the Bay Area Infrastructure Authority (BAIFA), and the Bay Area Headquarters Authority (BAHA).

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

The government-wide Statement of Net Position and Statement of Activities are presented on pages 27-32 of this report with the accompanying notes being presented on pages 54-104.

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.

Metropolitan Transportation Commission

Financial Statements for the year ended June 30, 2020

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

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 33-39 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 (general fund and major special revenue funds) and these are presented on pages 107-111 of this report. A comparison of budget to actual is also presented for non-major funds on pages 121-123.

ii.) Proprietary Funds

Proprietary funds are used to report business-type activities. MTC has three proprietary funds, MTC Clipper[®], BATA and MTC SAFE. BATA and MTC SAFE are presented as blended component units of MTC as proprietary funds on the government-wide and fund financial statements. MTC administers the Clipper[®] program which handles the implementation and ongoing operations of the Bay Area's transit fare payment program. This system allows transit riders to pay fares throughout the Bay Area utilizing a single "smart" fare card when boarding bus, light rail, train or ferry transportation. BATA is responsible for collection and administration of all toll funds and has funding oversight responsibility for Caltrans maintenance activities for the seven state-owned bridges in the San Francisco Bay Area. BATA also has funding and administrative oversight responsibilities for the Regional Measure 1 (RM 1), Regional Measure 2 (RM 2), and Regional Measure 3 (RM 3) programs approved by the voters in 1988, 2004, and 2017 respectively as well as the \$8,899,255 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 40-51.

iii.) Fiduciary Funds

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

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

The fiduciary funds financial statements are presented on page 52 of this report.

Metropolitan Transportation Commission
Financial Statements for the year ended June 30, 2020
Management's Discussion and Analysis (unaudited - \$ in thousands)

iv.) Discretely Presented Component Units

The Bay Area Infrastructure Financing Authority (BAIFA) was established in August 2006 as a separate public entity pursuant to the California Joint Exercise of Powers Act, to plan capital projects and obtain funding in the form of grants, contributions, appropriations, loans and other assistance. The Joint Exercise of Powers Agreement was amended in March 2013 to authorize BAIFA to undertake programs and projects, including the development, financing, and operation of high-occupancy toll lanes in MTC's jurisdiction. In April 2013, MTC delegated its express lane authority to BAIFA through a cooperative agreement.

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

Both BAIFA and BAHA are presented as proprietary funds in the discretely presented component unit columns of the government-wide financial statements because they do not meet the criteria for blending under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The standalone financial statements for BAIFA and BAHA provide detailed financial information for these two entities. Request for separately issued financial statements for BAIFA and BAHA should be addressed to the Treasurer of BAIFA or BAHA, 375 Beale Street, Suite 800, San Francisco, CA 94105.

D. Notes to the Financial Statements

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

E. Government-Wide Financial Analysis

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

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i.) Statement of Net Position

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

<u>Metropolitan Transportation Commission's Statement of Net Position</u>						
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Cash and investments	\$ 795,540	\$ 815,998	\$ 2,144,912	\$ 2,686,293	\$ 2,940,452	\$ 3,502,291
Receivables	97,403	109,400	71,120	59,563	168,523	168,963
Other assets	2,730	1,426	896	433	3,626	1,859
Capital assets	245	412	3,338	118,195	3,583	118,607
Total assets	895,918	927,236	2,220,266	2,864,484	3,116,184	3,791,720
Deferred outflows	22,598	18,135	462,301	484,724	484,899	502,859
Other liabilities	75,424	126,449	273,117	433,424	348,541	559,873
Long term liabilities	27,593	27,250	9,989,377	10,057,327	10,016,970	10,084,577
Total liabilities	103,017	153,699	10,262,494	10,490,751	10,365,511	10,644,450
Deferred inflows	317,492	332,732	(309,115)	(325,713)	8,377	7,019
Net position:						
Net investment in capital assets	194	279	3,138	118,195	3,332	118,474
Restricted	524,026	495,071	233,864	229,454	757,890	724,525
Unrestricted (deficit)	(26,213)	(36,410)	(7,507,814)	(7,163,479)	(7,534,027)	(7,199,889)
Total net position	\$ 498,007	\$ 458,940	\$ (7,270,812)	\$ (6,815,830)	\$ (6,772,805)	\$ (6,356,890)

Total cash and investments decreased by \$561,839 in FY 2020. The decrease is mainly in the Business-Type Activities and mainly related to BATA. A combination of factors led to the cash and investment drop:

- Revenue from BATA toll bridges dropped by 13% as a result of the statewide shelter-in-place order.
- For cash management purposes, BATA made advance payments of \$152,000 on principal and interest payments due in FY 2021.
- BATA also had pay-go capital expenditures of approximately \$210,000.
- Suspension of cash toll payments impacted cash flow.

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While BATA has initiated an invoice process in lieu of the cash toll payments, that process will add considerable delay in the collection of toll revenue. The decrease in the Governmental Activities is mainly due to project payments to San Francisco Municipal Transportation Agency and Bay Area Rapid Transit from the AB 664 Rail Reserve fund which were in the accrued liabilities in the prior year.

Deferred outflows decreased by \$17,960 in FY 2020, mainly due to the amortization of deferred amounts of bond refunding.

Total liabilities decreased by \$278,939 in FY 2020. The change is mainly due to a reduction on BATA debt.

The net position decreased by \$415,915 in FY 2020. The negative net position is the result of BATA issuing over \$9,000,000 in project financing toll revenue bonds while the assets themselves remain with the State of California and other transit agencies. The negative net position in Business-Type Activities will be resolved through future toll revenue. The negative net position (unrestricted) in the Governmental Activities is the result of post-retirement liabilities for pension. The reduction for FY 2020 is the result of a planned program through MTC to eliminate the unfunded post-retirement liabilities on an accelerated basis.

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ii.) *Statement of Activities*

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

<u>Metropolitan Transportation Commission's Statement of Activities</u>						
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for service	\$ -	\$ -	\$ 688,688	\$ 779,402	\$ 688,688	\$ 779,402
Operating grants and contributions	360,604	357,187	107,653	107,751	468,257	464,938
Capital grants and contributions	-	-	7,328	3,658	7,328	3,658
General revenues:						
Sales tax	14,076	14,781	-	-	14,076	14,781
Investment earnings (charges)	13,298	18,908	(161,817)	(64,077)	(148,519)	(45,169)
Return of contribution from BAHA/ BAIFA	-	-	2,000	6,815	2,000	6,815
Total revenues	387,978	390,876	643,852	833,549	1,031,830	1,224,425
Expenses:						
General government	105,557	104,246	-	-	105,557	104,246
Allocation to other agencies	267,272	307,829	-	-	267,272	307,829
Toll bridge activities	-	-	769,092	886,760	769,092	886,760
Clipper® smart card	-	-	57,879	48,754	57,879	48,754
Congestion relief	-	-	17,616	13,100	17,616	13,100
Total expenses	372,829	412,075	844,587	948,614	1,217,416	1,360,689
Change in net position before special item and transfers	15,149	(21,199)	(200,735)	(115,065)	(185,586)	(136,264)
Special item	-	-	(230,329)	-	(230,329)	-
Transfers in/(out)	23,918	21,928	(23,918)	(21,928)	-	-
Changes in net position	39,067	729	(454,982)	(136,993)	(415,915)	(136,264)
Net position - Beginning	458,940	458,211	(6,815,830)	(6,678,837)	(6,356,890)	(6,220,626)
Net position - Ending	<u>\$ 498,007</u>	<u>\$ 458,940</u>	<u>\$ (7,270,812)</u>	<u>\$ (6,815,830)</u>	<u>\$ (6,772,805)</u>	<u>\$ (6,356,890)</u>

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Total revenue declined by \$192,595 in FY 2020. The revenue decline in Business-Type Activities is the result of a decline in toll paid traffic resulting from the shelter-in-place orders issued by the State of California in March 2020. An increase in the investment charge is the result of an increase charge in the market value of the BATA structured swap portfolio.

Total expenditures decreased by \$143,273 in FY 2020. There is a decrease of \$104,027 in Business-Type Activities, mainly due to a decrease of expenditure reimbursements to Caltrans and RM2 capital expenditures. There is a reduction of \$39,246 in Governmental Activities related to the timing of various multi-year projects.

The special item increased \$230,239 in FY2020. This is due to a capital contribution of \$230,239 from BATA to BAIFA.

The negative net position increased by \$415,915 for FY 2020. BATA causes the Business-Type Activities deficit because BATA has issued \$9,000,000 in toll revenue bonds to fund seismic and voter approved projects while the assets remain with the State of California and other transit operators. The Net Position in the Governmental Activities improved as MTC continues its plan to reduce unfunded benefit liabilities.

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

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F. Financial Analysis of Business-Type Activities

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

	<u>Business-Type Activities</u>					
	Bay Area Toll Authority		MTC SAFE		MTC Clipper	
	2020	2019	2020	2019	2020	2019
Revenues:						
Toll revenues	\$ 633,932	\$ 724,914	\$ -	\$ -	\$ -	-
Other operating revenues	29,841	26,649	6,588	6,866	18,327	20,973
Total revenues	<u>663,773</u>	<u>751,563</u>	<u>6,588</u>	<u>6,866</u>	<u>18,327</u>	<u>20,973</u>
Operating expenses:						
Operating expenses incurred by Caltrans/Transbay JPA	31,835	31,632	-	-	-	-
Other operating expenses	131,117	142,775	17,572	12,892	36,251	40,427
Total operating expenses	<u>162,952</u>	<u>174,407</u>	<u>17,572</u>	<u>12,892</u>	<u>36,251</u>	<u>40,427</u>
Operating income/(loss)	500,821	577,156	(10,984)	(6,026)	(17,924)	(19,454)
Nonoperating revenues/(expenses)						
Investment income/(charges)	(163,316)	(65,593)	192	467	1,306	1,049
BABs interest subsidy	71,886	71,738	-	-	-	-
Interest expense	(455,189)	(451,812)	-	-	-	-
Financing fees and bond issuance costs	(16,172)	(9,822)	-	-	-	-
Other nonoperating expense	(136)	(398)	-	-	-	-
Operating grants	8,598	9,292	11,917	8,302	10,818	8,576
Distributions to other agencies for capital purposes	(134,642)	(250,320)	-	-	(21,628)	(8,327)
Return of contribution from BAHA/BAIFA	2,000	6,815	-	-	-	-
Gain (loss) on sale of capital assets	-	-	(44)	(208)	-	-
Other nonoperating revenues	4,434	9,842	-	-	-	-
Total nonoperating revenues/(expenses)	<u>(682,537)</u>	<u>(680,258)</u>	<u>12,065</u>	<u>8,561</u>	<u>(9,504)</u>	<u>1,298</u>
Change in net position before contribution, special item, and transfers	(181,716)	(103,102)	1,081	2,535	(27,428)	(18,156)
Capital grants	-	-	-	-	7,328	3,658
Special item - contribution to BAIFA	(230,329)	-	-	-	-	-
Transfers	(48,362)	(32,663)	(1,018)	(9,087)	25,462	19,822
Change in net position	(460,407)	(135,765)	63	(6,552)	5,362	5,324
Net position - Beginning	(6,853,254)	(6,717,489)	21,226	27,778	16,197	10,873
Net position - Ending	<u>\$ (7,313,661)</u>	<u>\$ (6,853,254)</u>	<u>\$ 21,289</u>	<u>\$ 21,226</u>	<u>\$ 21,559</u>	<u>\$ 16,197</u>

BATA is the largest of MTC's Business-Type Activities and one of the highest-rated transportation enterprises in the country. The negative net position is the result of BATA financing the seismic retrofit and other regional

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transportation projects under Regional Measures 1 and 2. However, BATA does not own the assets that are constructed. The negative net position will resolve itself from future toll revenue and the amortization of toll revenue bond debt.

Net operating income in BATA was \$500,821 for FY 2020, a decrease of \$76,335 or 13% from FY 2019. The decrease is the result of lower toll revenue directly tied to the statewide shelter-in-place order issued in March 2020. Major changes include:

- Total revenues decreased by \$87,790 in FY 2020, as a result of the statewide shelter-in-place order and resulting 14% drop in paid toll traffic. Detailed traffic count is available in the Statistical Section, Table 7.
- Total operating expenses fell by \$11,455 in FY 2020, mainly due to a reduction in depreciation expenses after BATA transferred the Express Lane capital assets to BAIFA.

Nonoperating revenue/(expense) was relatively unchanged with the expense increasing \$2,279 or less than 1 percent between FY 2019 and FY 2020. Major changes included:

- Net investment income decreased by \$97,723 in FY 2020. BATA had investment earnings of \$38,281, offset by unrealized loss of \$201,597 from the change in the fair value of derivative investments which resulted in a negative net investment income in FY 2020.
- The Build America Bonds interest subsidy is the federal subsidy from the U. S. Government. The interest subsidy offsets the interest cost on taxable bonds issued by BATA between FY 2010 and FY 2013. The federal subsidy payment is expected to last for the life of the taxable bonds.
- Distributions to other agencies for capital purposes decreased by \$115,678 in FY2020. With the transfer of the Express Lane projects to BAIFA in July 2019, BATA did not incur any further Express Lane expenses. In addition, expenses decreased in the San Francisco Municipal Transportation Agency (MUNI) project and the Seismic Retrofit program was closed.

MTC SAFE ended FY 2020 with an operating loss of \$10,984 which is an increased operating loss of \$4,958 from FY 2019. However, MTC SAFE ended FY 2020 with positive change in net position or \$63 compared to a loss of \$6,552 in FY 2019. Major changes include:

- Operating revenues decreased by \$278 in FY 2020. All nine counties had a decrease in DMV revenues.
- Operating expenses increased by \$4,680 in FY 2020, primarily the result of a 52% increase in towing contract expenses compared to FY 2019.
- Nonoperating grants increased by \$3,615 with an increase in the Local Assistance Program (LAP) and SB1 grant to fund the Freeway Service Patrol program.

MTC Clipper ended FY 2020 with an operating loss of \$17,924 which was \$1,530 lower than the operating loss recorded in FY2019. Clipper project costs are generally covered by grant (nonoperating) revenue however operating costs are covered by a combination of operating grants and operator payments. Operating losses are made up through transfers. Other major changes include:

- Operating revenues decreased by \$2,646 in FY 2020, as a result of a decrease in transit ridership due to the statewide shelter-in-place order.
- Operating expenses for MTC Clipper® decreased by \$4,176 in FY 2020, as a result of decreases in

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professional fees, salaries and benefits.

- Distribution to other agencies increased by \$13,301 in FY 2020, mainly due to the development costs of the Clipper system.

G. Financial Analysis of Governmental Funds

The following table details the revenues and expenditures in the governmental funds for the past two fiscal years. Refer to page 39 for the reconciliation of the governmental funds to the Statement of Activities.

	Governmental Funds	
	2020	2019
Revenues:		
Sales taxes	\$ 14,076	\$ 14,781
Grants - Federal	53,899	49,227
Grants - State	294,384	290,237
Local agencies revenues and refunds	13,415	18,015
Investment income	13,298	18,908
Total revenues	389,072	391,168
Expenditures:		
Current:		
General government	85,566	94,692
Allocations to other agencies	292,058	323,535
Capital outlay	12	49
Total expenditures	377,636	418,276
Other financing sources (uses)	23,918	21,928
Net change in fund balance	35,354	(5,180)
Fund balance - beginning	473,090	478,270
Fund balance - ending	\$ 508,444	\$ 473,090

More than 75 percent of all Governmental Fund revenue at MTC is derived from grants. While grant revenue helps insulate MTC from economic swings, the timing of project expenditures, which often cross fiscal years, can have a significant impact on year end balances. The MTC Governmental Funds ended FY 2020 with a balance of \$35,354 compared to a loss of \$5,180 for FY 2019. The main reason for the swing is the timing related to project related expenses. Other major highlights:

- Total revenue decreased by \$2,096 in FY 2020. Increased grant revenue for the SAFE Incident Management and Low Carbon Transit Operating Programs was generally offset by the decrease in sales tax based revenue and investment earnings generally related to the economic recession starting in April, 2020.
- Overall, governmental fund expenditures decreased by \$40,640 in FY 2020 primarily due to the decrease in professional fees, salary and benefit savings resulting from a hiring freeze implemented in April 2020, and the timing of project based payments for AB664 and STA funded projects.

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- Other financing sources increased in FY 2020 by \$1,990 due to additional funding from BATA to support the Bay Bridge Forward project.

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

- AB 664 Toll Revenue Reserve fund ended FY 2020 with an ending fund balance of nearly \$2 million compared with a negative balance of \$7.4 million for FY 2019. The AB 664 Reserve is a toll funded rail support program where 50 years of toll revenue was advanced in FY 2010. The increase in fund balance reflects a delay in funding certain rail projects.
- State Transit Assistance (STA) fund ended FY2020 with a fund balance of just under \$99 million, an increase of \$14.1 million from FY 2019. Despite a statewide shelter- in- place order, revenue remained relatively flat. The increase to fund balance is generally caused by a reduction in project transfers related to delays in the Clipper and transit fair discount projects.
- Rail Reserves fund ended FY 2020 a negative fund balance of \$88.8 million a reduction from the negative \$92.4 million ending FY 2019. The rail reserve is another toll funded transit program where a 50-year toll revenue advance was advanced in FY 2010. The negative fund balance will be worked off with the amortization of the toll revenue and timing of annual projects.
- The Bart Car Exchange fund ended FY 2020 with fund balance of over \$401 million, an increase of \$6.2 million from FY 2019. The program is funded with payments exchanged between MTC and BART which are reserved for the purchase of future BART rail cars. The increase in fund balance is the result of a delay in rail car purchases, however the balance should start to draw down with the current delivery of the new rail cars.

H. General Fund Budget

The final FY 2020 operating budget for the MTC General Fund projected an ending deficit after transfers of \$3,603 but was amended to increase the projected ending deficit of \$8,743. The actual ending balance for MTC ending June 30, 2020 was a surplus of \$4,902. While actual revenue was off by \$134,878, expenditures were off by \$172,658 creating a year-end balance, after transfers of \$13,645.

The principal cost savings were the result of a suspension of hiring and controlling expenses starting March, 2020 and the timing of grant funded project expenditures. The budget increase was to accommodate new revenue from SB 1.

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	<u>General Fund</u>			
	Adopted Budget	Final Budget	Actual	Variance
Revenues	\$ 214,000	\$ 219,632	\$ 84,754	\$ (134,878)
Expenditures	272,477	282,694	110,036	172,658
Excess/(Deficiency)	(58,477)	(63,062)	(25,282)	37,780
Transfers in	54,874	54,319	30,184	(24,135)
Net change in fund balance	(3,603)	(8,743)	4,902	13,645
Fund balance - beginning	46,029	46,029	46,029	-
Fund balance - ending	\$ 42,426	\$ 37,286	\$ 50,931	\$ 13,645

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

I. Capital Asset Administration

MTC's total investment in capital assets for all funds, governmental and proprietary is \$3,583 as reported under the accrual basis of accounting. In fiscal year 2020 capital assets substantially decreased by \$115,024 from the transfer of net Express Lane capital assets to BAIFA. Assets relating to the seven state-owned bridges administered by BATA are owned by Caltrans. MTC's capital assets is disclosed in Note 4 to the financial statements. See Note 1AC for more information about the transfer of Express Lane capital assets to BAIFA.

J. Long-Term Debt Administration

During FY 2020, BATA completed advance refunding of \$1,467,730. BATA administers a debt portfolio of \$8,993,380, and derivative instruments of \$1,440,000. All of BATA's swaps were ineffective for accounting purposes. Therefore, the changes in fair values of investment derivative instruments are reported within the investment income classification in the Statements of Revenue, Expenses and Changes in Net Position. The fair value of the swap portfolio decreased by \$201,597. BATA's interest expense on the \$3,237,935 of federally taxable Build America Bonds (BABs) was \$218,289. The BABs subsidy for FY 2020 was \$71,886, and the net interest expense was \$146,403.

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 ended a nine-year expansion during FY 2020. The national and local economy entered a recession starting in April 2020. These impacts include:

- Sales tax revenue fell for the first time in nine straight fiscal years. Sales tax revenue for fiscal year 2021 is

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projected to be down 14% from FY 2019.

- Unemployment in the Bay Area dipped below 3% in June 2019 and increased to over 9.6% by June 2020.
- Office occupancy is uncertain given the level of remote workers in the Bay Area, so the impact of the current economic slowdown may not be known until workers return to the office.
- Signs of an improving economy include strength in housing prices and construction.

MTC has taken steps to prepare for and mitigate economic swings. MTC maintains a series of reserve funds equal to at least 50% of the operating budgets. In addition, MTC has been working to control future costs by reducing long-term unfunded liabilities. The OPEB liability was retired starting in FY 2020 and MTC has retired enough of the future pension obligation to reduce future payments by \$1.5 million annually and reducing the unfunded amortization from 25 to 12 years saving over \$20 million in future interest costs.

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.

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Statement of Net Position
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	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	BAHA	BAIFA
ASSETS					
Cash - unrestricted	\$ 304,673,278	\$ 305,802,714	\$ 610,475,992	\$ 22,092,401	\$ 17,752,756
Cash - restricted	33,826,215	298,582,320	332,408,535	6,708,664	5,750,481
Investments - unrestricted	86,178,336	-	86,178,336	-	-
Investments - restricted	370,862,475	1,540,526,573	1,911,389,048	-	90,971,091
Receivables:					
Accounts receivable	1,371,382	35,085,069	36,456,451	90,026	217,937
Interests receivable	1,270,490	21,716,555	22,987,045	-	10,255
Funding due from State/ Caltrans	70,323,623	12,171,429	82,495,052	-	-
Funding due from Federal	23,372,030	1,780,100	25,152,130	-	-
Prepaid items and other assets	673,167	126,320	799,487	170,068	264
Due from other governments	1,065,095	367,315	1,432,410	151,957	65,245
Net OPEB asset	2,056,870	769,708	2,826,578	26,334	37,399
Capital assets not being depreciated	-	280,250	280,250	34,002,258	99,302,243
Capital assets net of accumulated depreciation/ amortization	245,381	3,057,865	3,303,246	172,214,176	27,808,276
TOTAL ASSETS	895,918,342	2,220,266,218	3,116,184,560	235,455,884	241,915,947
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount of refunding	-	446,387,079	446,387,079	-	-
Deferred outflows from pension	16,960,559	13,804,591	30,765,150	217,144	308,387
Deferred outflows from OPEB	5,637,494	2,109,623	7,747,117	72,175	102,505
TOTAL DEFERRED OUTFLOWS OF RESOURCES	22,598,053	462,301,293	484,899,346	289,319	410,892

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

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Statement of Net Position
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	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	BAHA	BAIFA
LIABILITIES					
Accounts payable and accrued liabilities	69,063,433	69,665,395	138,728,828	1,581,869	14,613,124
Accrued interest payable	6,837	94,551,854	94,558,691	-	-
Unearned revenue	3,047,760	108,908,687	111,956,447	558,441	-
Internal balances	899,353	(899,353)	-	-	-
Due to other governments	105,555	65,246	170,801	476,020	-
Non-current liabilities					
Due within one year					
Other non-current liabilities	2,301,664	825,865	3,127,529	72,264	121,640
Due in more than one year					
Long term debt	-	9,140,323,768	9,140,323,768	-	-
Derivative instruments	-	644,705,755	644,705,755	-	-
Net Pension liability	24,878,035	9,309,693	34,187,728	318,510	452,346
Regional Measure 3 Collection	-	182,723,433	182,723,433	-	-
Other non-current liabilities	2,714,790	12,314,700	15,029,490	23,661	146,743
TOTAL LIABILITIES	103,017,427	10,262,495,043	10,365,512,470	3,030,765	15,333,853
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows from pension	4,200,778	1,571,988	5,772,766	53,783	76,161
Deferred inflows from OPEB	1,895,082	709,165	2,604,247	24,262	34,457
Deferred revenues/Deferred charges	311,396,195	(311,396,195)	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	317,492,055	(309,115,042)	8,377,013	78,045	110,618
NET POSITION					
Net investment in capital assets	194,094	3,138,115	3,332,209	205,976,193	119,234,463
Restricted for:					
Capital projects	524,026,016	3,864,001	527,890,017	6,708,664	96,721,572
Operations & Maintenance, under debt covenant	-	180,000,000	180,000,000	-	-
Extraordinary loss reserve, under Caltrans Coop	-	50,000,000	50,000,000	-	-
Unrestricted	(26,213,197)	(7,507,814,606)	(7,534,027,803)	19,951,536	10,926,333
TOTAL NET POSITION	\$ 498,006,913	\$ (7,270,812,490)	\$ (6,772,805,577)	\$ 232,636,393	\$ 226,882,368

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

Metropolitan Transportation Commission
Statement of Net Position
June 30, 2019
(For comparative information purposes)

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	BAHA	BAIFA
ASSETS					
Cash - unrestricted	\$ 234,055,518	\$ 199,059,908	\$ 433,115,426	\$ 21,083,125	\$ 13,948,848
Cash - restricted	791,148	134,462,035	135,253,183	4,780,457	-
Investments - unrestricted	188,186,692	762,468,133	950,654,825	-	-
Investments - restricted	392,965,102	1,590,303,411	1,983,268,513	-	-
Receivables:					
Accounts receivable	4,921,749	22,664,512	27,586,261	3,228,728	575,018
Interests receivable	2,842,770	28,006,440	30,849,210	42	-
Funding due from State/ Caltrans	73,953,517	8,745,354	82,698,871	-	-
Funding due from Federal	24,379,294	1,777,641	26,156,935	-	-
Prepaid items and other assets	1,426,361	433,152	1,859,513	375,948	3,332
Internal balances	2,083,417	(2,083,417)	-	-	-
Due from other governments	1,218,721	452,964	1,671,685	-	234,639
Net pension asset	-	-	-	-	3,392
Capital assets not being depreciated	10,730	80,529,967	80,540,697	34,817,968	-
Capital assets net of accumulated depreciation/ amortization	401,264	37,664,698	38,065,962	174,462,989	-
TOTAL ASSETS	927,236,283	2,864,484,798	3,791,721,081	238,749,257	14,765,229
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount of refunding	-	468,708,078	468,708,078	-	-
Deferred outflows from pension	8,029,508	12,234,576	20,264,084	102,800	144,175
Deferred outflows from OPEB	10,105,462	3,781,599	13,887,061	129,378	183,744
TOTAL DEFERRED OUTFLOWS OF RESOURCES	18,134,970	484,724,253	502,859,223	232,178	327,919

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

Metropolitan Transportation Commission
Statement of Net Position
June 30, 2019
(For comparative information purposes)

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	BAHA	BAIFA
LIABILITIES					
Accounts payable and accrued liabilities	119,142,052	103,357,350	222,499,402	2,846,586	3,177,997
Accrued interest payable	3,032	103,406,517	103,409,549	-	-
Unearned revenue	5,219,029	107,441,902	112,660,931	587,176	-
Due to other governments	-	234,643	234,643	476,016	-
Due to 375 Beale Condo	-	-	-	651,615	-
Non-current liabilities					
Due within one year					
Long term debt	-	118,235,000	118,235,000	-	-
Other non-current liabilities	2,084,817	749,744	2,834,561	371,427	36,429
Due in more than one year					
Long term debt	-	9,525,191,484	9,525,191,484	-	-
Derivative instruments	-	443,108,680	443,108,680	-	-
Net Pension liability	19,889,459	9,323,602	29,213,061	69,659	-
Net OPEB liability	5,059,342	2,253,961	7,313,303	119,233	59,445
Regional Measure 3 collection	-	65,746,714	65,746,714	-	-
Other non-current liabilities	2,301,384	11,702,728	14,004,112	186,760	40,912
TOTAL LIABILITIES	153,699,115	10,490,752,325	10,644,451,440	5,308,472	3,314,783
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows from pension	5,107,659	1,911,355	7,019,014	65,394	143,583
Deferred revenues/Deferred charges	327,624,156	(327,624,156)	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	332,731,815	(325,712,801)	7,019,014	65,394	143,583
NET POSITION					
Net investment in capital assets	279,411	114,327,980	114,607,391	209,210,261	-
Restricted for:					
Capital projects	495,070,783	4,454,292	499,525,075	4,780,457	-
Operations & Maintenance, under debt covenant	-	175,000,000	175,000,000	-	-
Extraordinary loss reserve, under Caltrans Coop	-	50,000,000	50,000,000	-	-
Unrestricted	(36,409,871)	(7,159,612,745)	(7,196,022,616)	19,616,851	11,634,782
TOTAL NET POSITION	\$ 458,940,323	\$ (6,815,830,473)	\$ (6,356,890,150)	\$ 233,607,569	\$ 11,634,782

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

Metropolitan Transportation Commission
Statement of Activities
For the Year Ended June 30, 2020

	Program Revenues					Net (Expenses) Revenues and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues	Primary Government			Component Units	
						Governmental Activities	Business-type Activities	Total	BAHA	BAIFA
Functions										
Primary Government:										
Governmental Activities:										
General Government	\$ 105,558,075	\$ -	\$ 66,220,957	\$ -	\$ 66,220,957	\$ (39,337,118)	\$ -	\$ (39,337,118)	\$ -	\$ -
Transportation	267,271,776	-	294,383,221	-	294,383,221	27,111,445	-	27,111,445	-	-
Total Governmental Activities	372,829,851	-	360,604,178	-	360,604,178	(12,225,673)	-	(12,225,673)	-	-
Business-Type Activities:										
MTC Clipper® smart card	57,879,237	18,326,502	10,818,040	7,328,320	36,472,862	-	(21,406,375)	(21,406,375)	-	-
Toll bridge activities	769,090,836	663,773,007	84,917,416	-	748,690,423	-	(20,400,413)	(20,400,413)	-	-
Congestion relief	17,616,049	6,588,427	11,917,285	-	18,505,712	-	889,663	889,663	-	-
Total Business-Type Activities	844,586,122	688,687,936	107,652,741	7,328,320	803,668,997	-	(40,917,125)	(40,917,125)	-	-
Total Primary Government	\$ 1,217,415,973	\$ 688,687,936	\$ 468,256,919	\$ 7,328,320	\$ 1,164,273,175	(12,225,673)	(40,917,125)	(53,142,798)	-	-
Component Units:										
BAHA	\$ 12,395,280	\$ 10,273,544	\$ 164,488	\$ 2,719,283	\$ 13,157,315				762,035	-
BAIFA	28,177,379	10,756,154	184,087	-	10,940,241				-	(17,237,138)
Total Component Units	\$ 40,572,659	\$ 21,029,698	\$ 348,575	\$ 2,719,283	\$ 24,097,556				\$ 762,035	\$ (17,237,138)
General Revenues:										
Sales tax						14,076,093	-	14,076,093	-	-
Unrestricted investment earnings						13,297,700	(161,817,274)	(148,519,574)	266,789	2,155,576
Return of contribution from BAHA						-	2,000,000	2,000,000	(2,000,000)	-
Special Item										
Capital Contributions from BATA to BAIFA						-	(230,329,148)	(230,329,148)	-	230,329,148
Transfers						23,918,470	(23,918,470)	-	-	-
Total General Revenues, Special Item and Transfers						51,292,263	(414,064,892)	(362,772,629)	(1,733,211)	232,484,724
Change in Net Position						39,066,590	(454,982,017)	(415,915,427)	(971,176)	215,247,586
Net Position - Beginning						458,940,323	(6,815,830,473)	(6,356,890,150)	233,607,569	11,634,782
Net Position - Ending						\$ 498,006,913	\$ (7,270,812,490)	\$ (6,772,805,577)	\$ 232,636,393	\$226,882,368

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

Metropolitan Transportation Commission
Statement of Activities
For the Year Ended June 30, 2019
(For comparative information purposes)

	Program Revenues					Net (Expenses) Revenues and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues	Primary Government			Component Units	
						Governmental Activities	Business-type Activities	Total	BAHA	BAIFA
Functions										
Primary Government:										
Governmental Activities:										
General Government	\$ 104,246,259	\$ -	\$ 66,950,171	\$ -	\$ 66,950,171	\$ (37,296,088)	\$ -	\$ (37,296,088)	\$ -	\$ -
Transportation	307,828,471	-	290,237,119	-	290,237,119	(17,591,352)	-	(17,591,352)	-	-
Total Governmental Activities	412,074,730	-	357,187,290	-	357,187,290	(54,887,440)	-	(54,887,440)	-	-
Business-Type Activities:										
MTC Clipper® smart card	48,754,311	20,973,240	8,576,123	3,658,253	33,207,616	-	(15,546,695)	(15,546,695)	-	-
Toll bridge activities	886,759,624	751,563,073	90,872,302	-	842,435,375	-	(44,324,249)	(44,324,249)	-	-
Congestion relief	13,100,396	6,865,827	8,302,170	-	15,167,997	-	2,067,601	2,067,601	-	-
Total Business-Type Activities	948,614,331	779,402,140	107,750,595	3,658,253	890,810,988	-	(57,803,343)	(57,803,343)	-	-
Total Primary Government	\$ 1,360,689,061	\$ 779,402,140	\$ 464,937,885	\$ 3,658,253	\$ 1,247,998,278	(54,887,440)	(57,803,343)	(112,690,783)	-	-
Component Units:										
BAHA	\$ 12,789,762	\$ 9,970,433	\$ 131,577	\$ 3,165,421	\$ 13,267,431				477,669	\$ -
BAIFA	7,341,837	13,672,704	-	-	13,672,704				-	6,330,867
Total Component Units	\$ 20,131,599	\$ 23,643,137	\$ 131,577	\$ 3,165,421	\$ 26,940,135				\$ 477,669	\$ 6,330,867
General Revenues:										
Sales tax						14,780,747	-	14,780,747	-	-
Unrestricted investment earnings						18,907,915	(64,077,033)	(45,169,118)	187,496	269,921
Return of contribution from BAHA & BAIFA						-	6,815,000	6,815,000	(3,900,000)	(2,915,000)
Transfers						21,927,807	(21,927,807)	-	-	-
Total General Revenues and Transfers						55,616,469	(79,189,840)	(23,573,371)	(3,712,504)	(2,645,079)
Change in Net Position						729,029	(136,993,183)	(136,264,154)	(3,234,835)	3,685,788
Net Position - Beginning						458,211,294	(6,678,837,290)	(6,220,625,996)	236,842,404	7,948,994
Net Position - Ending						\$ 458,940,323	\$ (6,815,830,473)	\$ (6,356,890,150)	\$ 233,607,569	\$ 11,634,782

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

Metropolitan Transportation Commission
Balance Sheet - Governmental Funds
June 30, 2020

	Special Revenue Funds					Non-Major Governmental Funds	Total Governmental Funds
	General	AB 664 Net Toll Revenue Reserve	State Transit Assistance	Rail Reserves	BART Car Exchange		
ASSETS							
Cash - unrestricted	\$ 34,865,920	\$ 88,266,081	\$ 82,780,656	\$ 26,962,381	\$ -	\$ 71,798,240	\$ 304,673,278
Cash - restricted	3,730,519	-	-	-	30,095,696	-	33,826,215
Investment - unrestricted	-	66,554,701	-	7,296,124	-	12,327,511	86,178,336
Investment - restricted	-	-	-	-	370,862,475	-	370,862,475
Accounts receivable	1,371,382	-	-	-	-	-	1,371,382
Interest receivable	846	233,470	483,887	9,916	523,284	19,087	1,270,490
State/ Caltrans funding receivable	1,703,680	-	68,619,943	-	-	-	70,323,623
Federal funding receivable	23,372,030	-	-	-	-	-	23,372,030
Due from other funds	5,025,510	-	2,847,590	-	-	-	7,873,100
Due from other governments	1,065,095	-	-	-	-	-	1,065,095
Prepaid items and other assets	673,167	-	-	-	-	-	673,167
TOTAL ASSETS	\$ 71,808,149	\$ 155,054,252	\$ 154,732,076	\$ 34,268,421	\$ 401,481,455	\$ 84,144,838	\$ 901,489,191
LIABILITIES							
Accounts payable and accrued expenditures	\$ 10,970,443	\$ 556,951	\$ 55,859,483	\$ 383,651	\$ 4,770	\$ 488,569	\$ 68,263,867
Accrued interest payable	6,837	-	-	-	-	-	6,837
Deposit payable	250,000	-	-	-	-	-	250,000
Unearned revenue	3,700,441	-	-	-	-	-	3,700,441
Retention payable	549,566	-	-	-	-	-	549,566
Due to other funds	5,293,957	-	53,622	-	-	3,424,874	8,772,453
Due to other governments	105,555	-	-	-	-	-	105,555
TOTAL LIABILITIES	20,876,799	556,951	55,913,105	383,651	4,770	3,913,443	81,648,719
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	-	152,530,677	-	122,644,914	-	36,220,604	311,396,195
TOTAL DEFERRED INFLOWS OF RESOURCES	-	152,530,677	-	122,644,914	-	36,220,604	311,396,195
FUND BALANCES							
Nonspendable							
Prepaid items	673,167	-	-	-	-	-	673,167
Restricted for:							
Transportation projects	3,496,984	1,966,624	98,818,971	-	-	18,266,752	122,549,331
Rail projects	-	-	-	-	401,476,685	-	401,476,685
Committed to:							
Benefits reserve	9,547,203	-	-	-	-	-	9,547,203
Liability reserve	281,027	-	-	-	-	-	281,027
Transportation projects	4,740,833	-	-	-	-	25,744,039	30,484,872
Unassigned	32,192,136	-	-	(88,760,144)	-	-	(56,568,008)
TOTAL FUND BALANCES	50,931,350	1,966,624	98,818,971	(88,760,144)	401,476,685	44,010,791	508,444,277
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 71,808,149	\$ 155,054,252	\$ 154,732,076	\$ 34,268,421	\$ 401,481,455	\$ 84,144,838	\$ 901,489,191

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, 2020

Governmental funds balance	\$ 508,444,277
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statement.	245,381
Underabsorption of applied overhead is recorded as unearned revenue as it is not available in the current period and, therefore, not reported in the fund statement.	652,681
Capital leases are not due and payable in the current period and, therefore, are not reported in the fund statement.	(51,287)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the fund statement.	(4,965,167)
Net pension liability and related accounts (deferred outflows/inflows) are not due and payable in the current period and, therefore, are not reported in the fund statement.	(12,118,254)
Net OPEB liability/asset and related accounts (deferred outflows/inflows) are not due and payable in the current period and, therefore, are not reported in the fund statement.	<u>5,799,282</u>
Net position of governmental activities	<u><u>\$ 498,006,913</u></u>

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

Metropolitan Transportation Commission
Balance Sheet - Governmental Funds
June 30, 2019
(For comparative information purposes)

	Special Revenue Funds					Non-Major Governmental Funds	Total Governmental Funds
	General	AB 664 Net Toll Revenue Reserve	State Transit Assistance	Rail Reserves	BART Car Exchange		
ASSETS							
Cash - unrestricted	\$ 31,388,946	\$ 50,776,779	\$ 76,583,437	\$ 16,755,773	\$ -	\$ 58,550,583	\$ 234,055,518
Cash - restricted	178,810	-	-	-	612,338	-	791,148
Investment - unrestricted	-	132,142,836	-	24,834,501	-	31,209,355	188,186,692
Investment - restricted	-	-	-	-	392,965,102	-	392,965,102
Accounts receivable	753,906	-	167,843	-	-	-	921,749
Interest receivable	1,448	574,373	348,631	127,490	1,677,430	113,398	2,842,770
State/ Caltrans funding receivable	2,422,145	-	71,531,372	-	-	-	73,953,517
Federal funding receivable	24,379,294	-	-	-	-	-	24,379,294
Due from other funds	6,186,837	-	83,545	-	-	-	6,270,382
Due from other governments	1,218,721	-	-	-	-	-	1,218,721
Prepaid items and other assets	1,426,361	-	-	-	-	-	1,426,361
TOTAL ASSETS	\$ 67,956,468	\$ 183,493,988	\$ 148,714,828	\$ 41,717,764	\$ 395,254,870	\$ 89,873,336	\$ 927,011,254
LIABILITIES							
Accounts payable and accrued expenditures	\$ 15,855,995	\$ 30,416,942	\$ 63,426,638	\$ 5,056,281	\$ 4,420	\$ 3,805,948	\$ 118,566,224
Accrued interest payable	3,032	-	-	-	-	-	3,032
Deposit payable	250,000	-	-	-	-	-	250,000
Unearned revenue	2,964,556	-	-	-	-	-	2,964,556
Retention payable	325,828	-	-	-	-	-	325,828
Due to other funds	2,528,530	-	624,507	-	-	1,033,928	4,186,965
TOTAL LIABILITIES	21,927,941	30,416,942	64,051,145	5,056,281	4,420	4,839,876	126,296,605
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	-	160,455,783	-	129,079,644	-	38,088,729	327,624,156
TOTAL DEFERRED INFLOWS OF RESOURCES	-	160,455,783	-	129,079,644	-	38,088,729	327,624,156
FUND BALANCES							
Nonspendable							
Prepaid items	1,426,361	-	-	-	-	-	1,426,361
Restricted for:							
Transportation projects	-	-	84,663,683	-	-	15,156,649	99,820,332
Rail projects	-	-	-	-	395,250,450	-	395,250,450
Committed to:							
Benefits reserve	3,158,877	-	-	-	-	-	3,158,877
Transportation projects	2,518,085	-	-	-	-	31,788,082	34,306,167
Unassigned	38,925,204	(7,378,737)	-	(92,418,161)	-	-	(60,871,694)
TOTAL FUND BALANCES	46,028,527	(7,378,737)	84,663,683	(92,418,161)	395,250,450	46,944,731	473,090,493
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 67,956,468	\$ 183,493,988	\$ 148,714,828	\$ 41,717,764	\$ 395,254,870	\$ 89,873,336	\$ 927,011,254

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

Metropolitan Transportation Commission
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2019
(For comparative information purposes)

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

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, 2020

	Special Revenue Funds					Non-Major Governmental Funds	Total Governmental Funds
	General	AB 664 Net Toll Revenue Reserve	State Transit Assistance	Rail Reserves	BART Car Exchange		
REVENUES							
Sales tax	\$ 14,076,093	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,076,093
Grants - Federal	53,899,280	-	-	-	-	-	53,899,280
Grants - State	6,861,058	-	284,180,894	-	-	3,341,268	294,383,220
Local agencies revenues and refunds	9,380,648	-	33,876	-	-	4,000,000	13,414,524
Investment income - unrestricted	537,383	2,787,509	1,780,888	592,188	-	1,368,727	7,066,695
Investment income - restricted	-	-	-	-	6,231,005	-	6,231,005
TOTAL REVENUES	84,754,462	2,787,509	285,995,658	592,188	6,231,005	8,709,995	389,070,817
EXPENDITURES							
Current:							
General government	85,238,531	11,735	-	4,768	4,770	306,099	85,565,903
Allocations to other agencies	24,785,811	1,355,519	260,370,148	3,364,133	-	2,181,976	292,057,587
Capital outlay	12,013	-	-	-	-	-	12,013
TOTAL EXPENDITURES	110,036,355	1,367,254	260,370,148	3,368,901	4,770	2,488,075	377,635,503
EXCESS/(DEFICIENCY) OF REVENUES OVER/(UNDER) EXPENDITURES	(25,281,893)	1,420,255	25,625,510	(2,776,713)	6,226,235	6,221,920	11,435,314
OTHER FINANCING SOURCES (USES)							
Transfers in	30,184,716	7,925,106	-	6,434,730	-	1,868,125	46,412,677
Transfers out	-	-	(11,470,222)	-	-	(11,023,985)	(22,494,207)
TOTAL OTHER FINANCING SOURCES (USES)	30,184,716	7,925,106	(11,470,222)	6,434,730	-	(9,155,860)	23,918,470
NET CHANGE IN FUND BALANCES	4,902,823	9,345,361	14,155,288	3,658,017	6,226,235	(2,933,940)	35,353,784
Fund balances - beginning	46,028,527	(7,378,737)	84,663,683	(92,418,161)	395,250,450	46,944,731	473,090,493
Fund balances - ending	\$ 50,931,350	\$ 1,966,624	\$ 98,818,971	\$ (88,760,144)	\$ 401,476,685	\$ 44,010,791	\$ 508,444,277

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

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

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

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

Metropolitan Transportation Commission
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020
(With comparative information for the prior year)

	2020	2019
Net change in fund balances - total governmental funds (per Statement of Revenues, Expenditures and Changes in Fund Balances)	\$ 35,353,784	\$ (5,179,273)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation expense exceeds (does not exceed) non capital lease capital outlays in the current period. See Note 1.N.	(166,613)	(156,517)
Principal repayment on capital leases is an expenditure in the governmental funds; however, the principal element of the repayment reduces long-term liabilities in the Statement of Net Position. The amount is the effect of the differing treatment of capital lease principal repayment.	81,296	78,062
Governmental funds report under absorption of applied overhead as unearned revenue; however, in the Statement of Activities, the underabsorption is reported as revenue.	(1,092,845)	(292,240)
Some items do not require the use of current financial resources and, therefore, are not reported in the governmental funds:		
Change in compensated absences	(711,550)	(332,231)
Change in net pension liability	4,849,356	460,654
Change in net OPEB liability/asset	<u>753,162</u>	<u>6,150,574</u>
Change in net position of governmental activities (per Statement of Activities)	<u>\$ 39,066,590</u>	<u>\$ 729,029</u>

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

Metropolitan Transportation Commission
Statement of Net Position - Proprietary Funds
June 30, 2020

	Business-Type Activities -Enterprise Funds			Total Enterprise Funds
	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	
ASSETS				
Current assets:				
Cash - unrestricted	\$ 21,888,117	\$ 268,187,378	\$ 15,727,219	\$ 305,802,714
Cash - restricted	3,864,001	111,648,554	-	115,512,555
Due from other funds	1,068,098	2,219,263	2,668,728	5,956,089
Due from other governments	-	367,315	-	367,315
Accounts receivable	3,602,883	31,482,186	-	35,085,069
Accrued interest	-	21,716,137	418	21,716,555
Prepaid expenses and other assets	-	92,154	34,166	126,320
Funding due from State/ Caltrans	17,046	7,295,513	4,858,870	12,171,429
Funding due from Federal	1,780,100	-	-	1,780,100
Total current assets	32,220,245	443,008,500	23,289,401	498,518,146
Non-current assets:				
Cash - restricted	-	183,069,765	-	183,069,765
Investments - restricted	-	1,540,526,573	-	1,540,526,573
Net OPEB assets	141,573	584,453	43,682	769,708
Capital assets, net of accumulated depreciation/ amortization	-	2,912,324	425,791	3,338,115
Total non-current assets	141,573	1,727,093,115	469,473	1,727,704,161
TOTAL ASSETS	32,361,818	2,170,101,615	23,758,874	2,226,222,307
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount of refunding	-	446,387,079	-	446,387,079
Deferred charges	-	311,396,195	-	311,396,195
Deferred outflows from pension	1,167,385	12,277,013	360,193	13,804,591
Deferred outflows from OPEB	388,024	1,601,876	119,723	2,109,623
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,555,409	771,662,163	479,916	773,697,488

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

Metropolitan Transportation Commission
Statement of Net Position - Proprietary Funds
June 30, 2020

	Business-Type Activities -Enterprise Funds			Total Enterprise Funds
	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenditures	5,927,504	57,972,378	2,185,451	66,085,333
Accrued interest payable	-	94,551,854	-	94,551,854
Due to other funds	2,567,574	2,489,162	-	5,056,736
Due to other governments	-	65,246	-	65,246
Unearned revenue	-	108,908,687	-	108,908,687
Retention payable	1,402,947	2,177,115	-	3,580,062
Compensated absences - current	148,689	628,971	48,205	825,865
Total current liabilities	10,046,714	266,793,413	2,233,656	279,073,783
Non-current liabilities:				
Unearned revenue/ Patron deposits	-	11,318,401	-	11,318,401
Regional Measure 3 Collection	-	182,723,433	-	182,723,433
Long term debt, net	-	9,140,323,768	-	9,140,323,768
Derivative instruments	-	644,705,755	-	644,705,755
Compensated absences	179,374	758,772	58,153	996,299
Net pension liability	1,712,339	7,069,018	528,336	9,309,693
Total non-current liabilities	1,891,713	9,986,899,147	586,489	9,989,377,349
TOTAL LIABILITIES	11,938,427	10,253,692,560	2,820,145	10,268,451,132
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pension	289,137	1,193,638	89,213	1,571,988
Deferred inflows from OPEB	130,437	538,482	40,246	709,165
TOTAL DEFERRED INFLOWS OF RESOURCES	419,574	1,732,120	129,459	2,281,153
NET POSITION				
Net investment in capital assets	-	2,712,324	425,791	3,138,115
Restricted for:				
Capital Projects	3,864,001	-	-	3,864,001
Operations & Maintenance, under debt covenant	-	180,000,000	-	180,000,000
Extraordinary loss reserve, under Caltrans Coop	-	50,000,000	-	50,000,000
Unrestricted	17,695,225	(7,546,373,226)	20,863,395	(7,507,814,606)
TOTAL NET POSITION	\$ 21,559,226	\$ (7,313,660,902)	\$ 21,289,186	\$ (7,270,812,490)

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

Metropolitan Transportation Commission
Statement of Net Position - Proprietary Funds
June 30, 2019
(For comparative information purposes)

	Business-Type Activities -Enterprise Funds			Total Enterprise Funds
	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	
ASSETS				
Current assets:				
Cash - unrestricted	\$ 11,558,895	\$ 168,188,259	\$ 19,312,754	\$ 199,059,908
Cash - restricted	4,454,292	116,619,613	-	121,073,905
Short term investments - unrestricted	-	762,468,133	-	762,468,133
Due from other funds	3,543,609	112,175	2,416,355	6,072,139
Due from other governments	-	452,964	-	452,964
Accounts receivable	4,000,307	18,664,205	-	22,664,512
Accrued interest	-	28,005,725	715	28,006,440
Prepaid expenses and other assets	18,149	375,180	39,823	433,152
Funding due from State/ Caltrans	14,615	4,802,051	3,928,688	8,745,354
Funding due from Federal	1,777,641	-	-	1,777,641
Total current assets	25,367,508	1,099,688,305	25,698,335	1,150,754,148
Non-current assets:				
Cash - restricted	-	13,388,130	-	13,388,130
Investments - restricted	-	1,590,303,411	-	1,590,303,411
Capital assets, net of accumulated depreciation/ amortization	-	117,506,977	687,688	118,194,665
Total non-current assets	-	1,721,198,518	687,688	1,721,886,206
TOTAL ASSETS	25,367,508	2,820,886,823	26,386,023	2,872,640,354
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount of refunding	-	468,708,078	-	468,708,078
Deferred charges	-	327,624,156	-	327,624,156
Deferred outflows from pension	552,668	11,511,384	170,524	12,234,576
Deferred outflows from OPEB	695,551	2,871,437	214,611	3,781,599
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,248,219	810,715,055	385,135	812,348,409

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

Metropolitan Transportation Commission
Statement of Net Position - Proprietary Funds
June 30, 2019
(For comparative information purposes)

	Business-Type Activities -Enterprise Funds			Total Enterprise Funds
	MTC-Clipper [®]	Bay Area Toll Authority	Service Authority for Freeways and Expressways	
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenditures	7,347,873	88,714,491	1,191,548	97,253,912
Accrued interest payable	-	103,406,517	-	103,406,517
Due to other funds	83,545	4,519,438	3,552,573	8,155,556
Due to other governments	-	234,643	-	234,643
Unearned revenue	-	107,441,902	-	107,441,902
Retention payable	411,966	5,691,472	-	6,103,438
Long term debt - current	-	118,235,000	-	118,235,000
Compensated absences - current	137,901	569,294	42,549	749,744
Total current liabilities	7,981,285	428,812,757	4,786,670	441,580,712
Non-current liabilities:				
Unearned revenue/ Patron deposits	-	10,860,712	-	10,860,712
Regional Measure 3 Collection	-	65,746,714	-	65,746,714
Long term debt, net	-	9,525,191,484	-	9,525,191,484
Derivative instruments	-	443,108,680	-	443,108,680
Compensated absences	154,873	639,358	47,785	842,016
Net pension liability	1,524,993	7,326,766	471,843	9,323,602
Net OPEB liability	405,731	1,717,608	130,622	2,253,961
Total non-current liabilities	2,085,597	10,054,591,322	650,250	10,057,327,169
TOTAL LIABILITIES	10,066,882	10,483,404,079	5,436,920	10,498,907,881
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pension	351,557	1,451,326	108,472	1,911,355
TOTAL DEFERRED INFLOWS OF RESOURCES	351,557	1,451,326	108,472	1,911,355
NET POSITION				
Net investment in capital assets	-	113,640,292	687,688	114,327,980
Restricted for:				
Capital projects	4,454,292	-	-	4,454,292
Operations & Maintenance, under debt covenant	-	175,000,000	-	175,000,000
Extraordinary loss reserve, under Caltrans Coop	-	50,000,000	-	50,000,000
Unrestricted	11,742,996	(7,191,893,819)	20,538,078	(7,159,612,745)
TOTAL NET POSITION	\$ 16,197,288	\$ (6,853,253,527)	\$ 21,225,766	\$ (6,815,830,473)

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

Metropolitan Transportation Commission
Statement of Revenues, Expenses and Changes in Net Position -
Proprietary Funds
For the Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	
OPERATING REVENUES				
Toll revenues collected	\$ -	\$ 633,932,206	\$ -	\$ 633,932,206
Department of Motor Vehicles registration fees	-	-	6,588,427	6,588,427
Revenues from operators	16,688,372	-	-	16,688,372
Other operating revenues	1,638,130	29,840,801	-	31,478,931
TOTAL OPERATING REVENUES	18,326,502	663,773,007	6,588,427	688,687,936
OPERATING EXPENSES				
Operating expenses incurred by Caltrans	-	26,633,349	-	26,633,349
Operating expenses - Transbay JPA	-	5,201,958	-	5,201,958
Towing contracts	-	-	14,699,329	14,699,329
Professional fees	30,423,537	52,548,318	577,454	83,549,309
Allocations to other agencies	1,518,804	43,884,737	-	45,403,541
Salaries and benefits	2,470,125	9,747,888	810,258	13,028,271
Repairs and maintenance	-	-	433,285	433,285
Communication charges	3,699	150,191	160,123	314,013
Depreciation and amortization	-	2,910,229	217,434	3,127,663
Other operating expenses	1,835,051	21,874,899	673,705	24,383,655
TOTAL OPERATING EXPENSES	36,251,216	162,951,569	17,571,588	216,774,373
OPERATING INCOME (LOSS)	(17,924,714)	500,821,438	(10,983,161)	471,913,563

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, 2020

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	
NONOPERATING REVENUES (EXPENSES)				
Investment income (charge)	1,306,218	(163,315,610)	192,118	(161,817,274)
Build America Bonds (BABs) interest subsidy	-	71,885,581	-	71,885,581
Interest expense	-	(455,188,820)	-	(455,188,820)
Financing fees and bond issuance costs	-	(16,172,467)	-	(16,172,467)
Other nonoperating expense	-	(135,706)	-	(135,706)
Caltrans/ other agency grants	4,641,065	8,597,705	11,917,285	25,156,055
Federal grants	6,176,975	-	-	6,176,975
Distributions to other agencies for their capital purposes	(21,628,021)	(79,388,265)	-	(101,016,286)
Distributions to Caltrans for their capital purposes	-	(55,254,009)	-	(55,254,009)
Return of contribution from BAHA	-	2,000,000	-	2,000,000
Loss on sale of capital assets	-	-	(44,461)	(44,461)
Other nonoperating revenues	-	4,434,130	-	4,434,130
TOTAL NONOPERATING REVENUES (EXPENSES)	(9,503,763)	(682,537,461)	12,064,942	(679,976,282)
INCOME (LOSS) BEFORE CONTRIBUTIONS, SPECIAL ITEMS, AND TRANSFERS	(27,428,477)	(181,716,023)	1,081,781	(208,062,719)
CONTRIBUTIONS, SPECIAL ITEMS, AND TRANSFERS				
Capital Grants	7,328,320	-	-	7,328,320
Special item: Capital Contribution to BAIFA	-	(230,329,148)	-	(230,329,148)
Transfers out	-	(34,095,184)	(1,018,361)	(35,113,545)
Transfers in	11,195,075	-	-	11,195,075
Transfer between programs	14,267,020	(14,267,020)	-	-
TOTAL CONTRIBUTIONS, SPECIAL ITEMS, AND TRANSFERS	32,790,415	(278,691,352)	(1,018,361)	(246,919,298)
CHANGE IN NET POSITION	5,361,938	(460,407,375)	63,420	(454,982,017)
Total net position - beginning	16,197,288	(6,853,253,527)	21,225,766	(6,815,830,473)
Total net position - ending	\$ 21,559,226	\$ (7,313,660,902)	\$ 21,289,186	\$ (7,270,812,490)

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

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

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	
OPERATING REVENUES				
Toll revenues collected	\$ -	\$ 724,914,020	\$ -	\$ 724,914,020
Department of Motor Vehicles registration fees	-	-	6,865,827	6,865,827
Revenues from operators	19,512,881	-	-	19,512,881
Other operating revenues	1,460,359	26,649,053	-	28,109,412
TOTAL OPERATING REVENUES	20,973,240	751,563,073	6,865,827	779,402,140
OPERATING EXPENSES				
Operating expenses incurred by Caltrans	-	26,606,401	-	26,606,401
Operating expenses - Transbay JPA	-	5,026,046	-	5,026,046
Towing contracts	-	-	9,674,576	9,674,576
Professional fees	32,714,124	53,532,570	844,929	87,091,623
Allocations to other agencies	3,472,238	46,452,221	-	49,924,459
Salaries and benefits	2,700,953	10,710,303	810,728	14,221,984
Repairs and maintenance	3,000	-	434,257	437,257
Communication charges	30	290,941	178,755	469,726
Depreciation and amortization	-	8,132,738	369,002	8,501,740
Other operating expenses	1,536,858	23,656,268	580,151	25,773,277
TOTAL OPERATING EXPENSES	40,427,203	174,407,488	12,892,398	227,727,089
OPERATING INCOME (LOSS)	(19,453,963)	577,155,585	(6,026,571)	551,675,051

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

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

	Business-Type Activities - Enterprise Funds			Total Enterprise Funds
	MTC-Clipper [®]	Bay Area Toll Authority	Service Authority for Freeways and Expressways	
NONOPERATING REVENUES (EXPENSES)				
Investment income (charge)	1,048,843	(65,592,645)	466,769	(64,077,033)
Build America Bonds (BABs) interest subsidy	-	71,738,161	-	71,738,161
Interest expense	-	(451,812,293)	-	(451,812,293)
Financing fees and bond issuance costs	-	(9,822,335)	-	(9,822,335)
Other nonoperating expense	-	(397,979)	-	(397,979)
Caltrans/ other agency operating grants	3,998,682	9,291,780	5,632,529	18,922,991
Federal grants	4,577,441	-	2,669,641	7,247,082
Distributions to other agencies for their capital purposes	(8,327,108)	(146,573,332)	-	(154,900,440)
Distributions to Caltrans for their capital purposes	-	(103,746,197)	-	(103,746,197)
Return of contribution from BAHA and BAIFA	-	6,815,000	-	6,815,000
Loss on sale of capital assets	-	-	(207,998)	(207,998)
Other nonoperating revenues	-	9,842,361	-	9,842,361
TOTAL NONOPERATING REVENUES (EXPENSES)	1,297,858	(680,257,479)	8,560,941	(670,398,680)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(18,156,105)	(103,101,894)	2,534,370	(118,723,629)
CONTRIBUTIONS AND TRANSFERS				
Capital Grants	3,658,253	-	-	3,658,253
Transfers out	(83,545)	(31,063,071)	(6,086,669)	(37,233,285)
Transfers in	15,305,478	-	-	15,305,478
Transfer between programs	4,600,000	(1,600,000)	(3,000,000)	-
TOTAL CONTRIBUTIONS AND TRANSFERS	23,480,186	(32,663,071)	(9,086,669)	(18,269,554)
CHANGE IN NET POSITION	5,324,081	(135,764,965)	(6,552,299)	(136,993,183)
Total net position - beginning	10,873,207	(6,717,488,562)	27,778,065	(6,678,837,290)
Total net position - ending	\$ 16,197,288	\$ (6,853,253,527)	\$ 21,225,766	\$ (6,815,830,473)

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

Metropolitan Transportation Commission
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2020

	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 / operations	\$ 17,422,049	\$ 770,489,010	\$ 6,652,633	\$ 794,563,692
Cash payments to suppliers for goods and services	(34,184,871)	(145,042,180)	(15,544,335)	(194,771,386)
Cash payments for employee salaries and benefits	(3,033,967)	(11,491,242)	(853,392)	(15,378,601)
Other cash receipts	1,638,130	3,943,695	-	5,581,825
Other cash payments	-	(305,103)	-	(305,103)
Net cash provided by/(used in) operating activities	(18,158,659)	617,594,180	(9,745,094)	589,690,427
Cash flows from non-capital financing activities				
Caltrans and other state and local agency grants	4,641,065	8,280,393	10,922,898	23,844,356
Build America Bonds interest subsidy	-	71,929,564	-	71,929,564
Interest paid on bonds	-	(445,298,470)	-	(445,298,470)
Financing fees	-	(15,235,529)	-	(15,235,529)
Federal grants	6,914,747	-	-	6,914,747
Transfers (to)/from MTC and SAFE	30,421,634	(36,271,607)	(4,955,754)	(10,805,727)
Bond principal payments	-	(303,105,000)	-	(303,105,000)
Payment for refunding bonds	-	(196,421,730)	-	(196,421,730)
Distributions to Caltrans	-	(57,358,258)	-	(57,358,258)
Distributions to other agencies	(21,635,480)	(98,028,523)	-	(119,664,003)
Return of contribution from BAHA	-	2,000,000	-	2,000,000
Transfer to BAIFA	-	(14,103,555)	-	(14,103,555)
Other non-operating expenses	-	(6,859,248)	-	(6,859,248)
Net cash provided by/(used in) non-capital financing activities	20,341,966	(1,090,471,963)	5,967,144	(1,064,162,853)
Cash flows from capital and related financing activities				
Capital grant	6,249,406	-	-	6,249,406
Acquisition of capital assets	-	(323,568)	-	(323,568)
Net cash provided by/(used in) capital and related financing activities	6,249,406	(323,568)	-	5,925,838
Cash flows from investing activities				
Proceeds from maturities of investments	-	5,693,456,358	-	5,693,456,358
Purchase of investments	-	(4,998,603,626)	-	(4,998,603,626)
Interest and dividends received	1,306,218	43,058,314	192,415	44,556,947
Net cash provided by/(used in) investing activities	1,306,218	737,911,046	192,415	739,409,679
Net increase/(decrease) in cash	9,738,931	264,709,695	(3,585,535)	270,863,091
Balances - beginning of year	16,013,187	298,196,002	19,312,754	333,521,943
Balances - end of year	\$ 25,752,118	\$ 562,905,697	\$ 15,727,219	\$ 604,385,034

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, 2020

	Business-Type Activities - Enterprise Funds			Total
	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	
Reconciliation of operating income to net cash provided by/(used in) operating activities				
Operating income (loss)	\$ (17,924,714)	\$ 500,821,438	\$ (10,983,161)	\$ 471,913,563
Adjustments to reconcile operating net cash provided by/(used in) operating activities:				
Depreciation and amortization	-	2,910,229	217,434	3,127,663
Other revenues	-	4,711,659	-	4,711,659
Other expenses	-	(135,706)	-	(135,706)
Net effect of changes in:				
Due (to)/from MTC	-	-	132,447	132,447
Due from other governments	-	(83,748)	-	(83,748)
Accounts receivable	750,723	(12,778,196)	-	(12,027,473)
Prepaid expenses and other assets	18,149	258,026	5,657	281,832
Due to Caltrans	-	95,567	-	95,567
Accounts payable and accrued expenses	(421,929)	4,750,317	993,904	5,322,292
Unearned revenue	-	1,466,785	-	1,466,785
Patron deposits	-	681,862	-	681,862
State funding due	(17,046)	(484,780)	64,206	(437,620)
Deferred outflows from pension	(614,717)	(765,629)	(189,669)	(1,570,015)
Deferred outflows from OPEB	307,527	1,269,561	94,888	1,671,976
Net pension asset / liability	187,346	(257,748)	56,493	(13,909)
Net OPEB asset / liability	(547,304)	(2,302,061)	(174,304)	(3,023,669)
Compensated absences liability	35,289	179,091	16,024	230,404
Regional Measure 3 Collection	-	116,976,719	-	116,976,719
Deferred inflows from pension	(62,420)	(257,688)	(19,259)	(339,367)
Deferred inflows from OPEB	130,437	538,482	40,246	709,165
Net cash provided by operating activities	\$ (18,158,659)	\$ 617,594,180	\$ (9,745,094)	\$ 589,690,427

Significant Noncash Investing, Capital, and Financing Activities

Refunding bond proceeds received in escrow trust fund	\$	-	\$ 1,480,058,912	\$	-	\$ 1,480,058,912
Debt refunded through escrow trust fund		-	(1,707,982,680)		-	(1,707,982,680)
Amortization of deferred amount on refunding		-	(22,320,999)		-	(22,320,999)
Amortization of Bond premium/discount		-	(108,517,716)		-	(108,517,716)
Amortization of deferred charge		-	(16,227,961)		-	(16,227,961)
Net decrease in fair value of derivative instruments		-	(201,597,075)		-	(201,597,075)
Capital assets transferred net of \$10M accrued capital asset purchases in AP and accrued liabilities		-	(101,153,487)		-	(101,153,487)

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

Metropolitan Transportation Commission
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2019
(For comparative information purposes)

	<u>Business-Type Activities - Enterprise Funds</u>			
	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
Cash flows from operating activities				
Cash receipts from users / operations	\$ 19,717,962	\$ 828,140,956	\$ 6,831,814	\$ 854,690,732
Cash payments to suppliers for goods and services	(38,091,966)	(164,500,696)	(11,414,884)	(214,007,546)
Cash payments for employee salaries and benefits	(3,106,403)	(21,781,505)	(1,806,541)	(26,694,449)
Cash receipts for interfund services	-	-	2,743	2,743
Cash payments for interfund services	-	-	(452,776)	(452,776)
Other cash receipts	1,460,359	10,016,171	-	11,476,530
Other cash payments	-	(163,336)	-	(163,336)
Net cash provided by/(used in) operating activities	(20,020,048)	651,711,590	(6,839,644)	624,851,898
Cash flows from non-capital financing activities				
Caltrans and other state and local agency grants	4,005,274	10,164,082	4,624,317	18,793,673
Proceeds from issuance of revenue bonds	-	402,105,000	-	402,105,000
Build America Bonds interest subsidy	-	71,661,599	-	71,661,599
Interest paid on bonds	-	(447,465,092)	-	(447,465,092)
Financing fees	-	(9,873,366)	-	(9,873,366)
Federal grants	3,826,810	-	2,761,626	6,588,436
Transfers (to)/from MTC and SAFE	18,117,764	(14,009,959)	(1,878,570)	2,229,235
Bond principal payments	-	(63,885,000)	-	(63,885,000)
Payment for refunding bonds	-	(407,374,245)	-	(407,374,245)
Distributions to Caltrans	-	(142,797,440)	-	(142,797,440)
Distributions to other agencies	(7,191,647)	(114,169,199)	-	(121,360,846)
Return of contribution from BAHA and BAIFA	-	6,815,000	-	6,815,000
Due to BATA	-	-	(3,000,000)	(3,000,000)
Net cash provided by/(used in) non-capital financing activities	18,758,201	(708,828,620)	2,507,373	(687,563,046)
Cash flows from capital and related financing activities				
Capital grant	5,030,264	-	-	5,030,264
Acquisition of capital assets	-	(34,349,743)	(134,945)	(34,484,688)
Net cash provided by/(used in) capital and related financing activities	5,030,264	(34,349,743)	(134,945)	(29,454,424)
Cash flows from investing activities				
Proceeds from maturities of investments	-	5,488,598,533	-	5,488,598,533
Purchase of investments	-	(5,545,700,646)	-	(5,545,700,646)
Interest and dividends received	1,048,843	55,688,359	463,696	57,200,898
Net cash provided by/(used in) investing activities	1,048,843	(1,413,754)	463,696	98,785
Net increase/(decrease) in cash	4,817,260	(92,880,527)	(4,003,520)	(92,066,787)
Balances - beginning of year	11,195,927	391,076,529	23,316,274	425,588,730
Balances - end of year	\$ 16,013,187	\$ 298,196,002	\$ 19,312,754	\$ 333,521,943

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

Metropolitan Transportation Commission
Statement of Cash Flows - Proprietary Funds, *continued*
For the Year Ended June 30, 2019
(For comparative information purposes)

	Business-Type Activities - Enterprise Funds			Total
	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	
Reconciliation of operating income to net cash provided by/(used in) operating activities				
Operating income/(loss)	\$ (19,453,963)	\$ 577,155,585	\$ (6,026,571)	\$ 551,675,051
Adjustments to reconcile operating income to net cash provided by/(used in) operating activities:				
Depreciation and amortization	-	8,132,738	369,002	8,501,740
Other revenues	-	9,353,563	-	9,353,563
Other expenses	-	(8,003)	-	(8,003)
Net effect of changes in:				
Due (to)/from MTC	-	-	(1,331,870)	(1,331,870)
Due from other governments	3,035	461,264	2,743	467,042
Accounts receivable	205,081	(126,691)	-	78,390
Prepaid expenses and other assets	11,115	(92,071)	9,621	(71,335)
Due to Caltrans	-	(2,378,988)	-	(2,378,988)
Accounts payable and accrued expenses	(379,866)	(6,465,190)	288,163	(6,556,893)
Unearned revenue	-	10,055,978	-	10,055,978
Patron deposits	-	837,336	-	837,336
State funding due	-	110,557	(34,013)	76,544
Deferred outflows from pension	228,896	(7,974,322)	68,153	(7,677,273)
Deferred outflows from OPEB	(468,636)	(1,778,307)	(152,419)	(2,399,362)
Net pension liability	(426,948)	(1,903,058)	(128,743)	(2,458,749)
Net OPEB liability	45,296	30,640	21,798	97,734
Compensated absences liability	49,597	37,183	23,684	110,464
Regional Measure 3 Collection	-	65,746,714	-	65,746,714
Deferred inflows from pension	166,345	516,662	50,808	733,815
Net cash provided by/(used in) operating activities	\$ (20,020,048)	\$ 651,711,590	\$ (6,839,644)	\$ 624,851,898

Significant Noncash Investing, Capital, and Financing Activities

Refunding bond proceeds received in escrow trust fund	\$	-	\$ 144,728,167	\$	-	\$ 144,728,167
Debt refunded through escrow trust fund		-	(144,728,167)		-	(144,728,167)
Acquisition of capital assets under accounts payable/accrued liabilities		-	7,364,397		-	7,364,397
Net decrease in fair value of derivative instruments		-	(131,370,314)		-	(131,370,314)
Amortization of Bond premium/discount		-	19,467,005		-	19,467,005
Amortization of deferred charge		-	(16,890,623)		-	(16,890,623)
Amortization of deferred amount on refunding		-	(23,183,333)		-	(23,183,333)

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

Metropolitan Transportation Commission
Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2020
(With comparative information for the prior year)

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 279,050,668	\$ 255,086,372
Accounts receivable	3,875,400	6,860,472
Interest receivable	<u>281,509</u>	<u>353,523</u>
TOTAL ASSETS	<u>\$ 283,207,577</u>	<u>\$ 262,300,367</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 173,477,515	\$ 144,539,633
Due to other governments	<u>109,730,062</u>	<u>117,760,734</u>
TOTAL LIABILITIES	<u>\$ 283,207,577</u>	<u>\$ 262,300,367</u>

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

Metropolitan Transportation Commission
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Metropolitan Transportation Commission
Financial Statements for the year ended June 30, 2020
Notes to 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). Both BAIFA and BAHA financial statements are presented in separate columns on the face of the government-wide financial statements in the far-right columns.

Blended component units

i.) Bay Area Toll Authority (BATA)

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

Metropolitan Transportation Commission

Financial Statements for the year ended June 30, 2020

Notes to Financial Statements

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

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

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

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

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

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 as a discretely presented component unit in the government-wide financial statements of MTC. Although BAIFA meets the component unit criteria under paragraph 15 to 33 of the GASB Statement No. 61, *The Financial Reporting Entity: Omnibus- an amendment of GASB Statements No. 14 and No. 34*, it doesn't meet the blending criteria under paragraph 53, therefore it is reported as a discretely component unit.

Metropolitan Transportation Commission

Financial Statements for the year ended June 30, 2020

Notes to Financial Statements

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 discretely presented component unit in the government-wide financial statements of MTC. Although BAHA meets the component unit criteria under paragraph 15 to 33 of the GASB Statement No. 61, *The Financial Reporting Entity: Omnibus- an amendment of GASB Statements No. 14 and No. 34*, it doesn't meet the blending criteria under paragraph 53, therefore it is reported as a discretely component unit. Requests for separately issued financial statements for BAHA should be addressed to the Treasurer, Bay Area Headquarters Authority, 375 Beale Street, Suite 800, San Francisco, CA 94105.

B. Government-Wide and Fund Financial Statements

Basis of presentation - government-wide statements

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

Basis of presentation - fund financial statements

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

The government reports the following funds:

i.) MTC General Fund

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

Metropolitan Transportation Commission

Financial Statements for the year ended June 30, 2020

Notes to Financial Statements

ii.) MTC Special Revenue Funds

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

Major Funds

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

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

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

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

Non-Major Funds

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

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

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

Proposition 1B Fund – This fund includes revenue from the Caltrans Public Transportation

Metropolitan Transportation Commission

Financial Statements for the year ended June 30, 2020

Notes to Financial Statements

Modernization Improvement and Service Enhancement Account (PTMISEA) grant. This is a grant program funded by Proposition 1B Regional Transit Connectivity Program funds. The grant funded the MTC's Hub Signage Project, which improves signage at major transportation hubs. The project was completed in fiscal year 2018.

In fiscal year 2020, the following funds are considered non-major: Transit Reserve Fund, Exchange Fund, and Proposition 1B Fund. The following funds are considered major governmental funds: MTC General Fund, STA Fund, Rail Reserves Fund, AB 664 Net Toll Revenue Reserve Fund, and BART Car Exchange Fund. The balance sheet and statements of revenues, expenditures and changes in fund balances and budget to actual statements of revenues and change in fund balances are presented for these funds.

iii.) MTC Enterprise Fund - Clipper®

In July 2010, MTC assumed responsibility for operating Clipper® the region's transit fare payment program under the Memorandum of Understanding with seven Bay Area transit organizations. Clipper® transit fare payment program operating and capital costs are incurred by MTC's Clipper® fund. MTC Clipper® seeks payment from participating transit operators for service provided related to the operations and capital expenditures of this program. MTC Clipper® Fund is presented as a major fund in the Business Type Activities. The cash account and patron liability are 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 operating 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, 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,

Metropolitan Transportation Commission

Financial Statements for the year ended June 30, 2020

Notes to Financial Statements

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

New Accounting Pronouncements

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. GASB Statement No. 95 postpones the effective date of this statement by one year. MTC adopted GASB Statement No. 95 which postponed the implementation of this statement by one year. Management is currently evaluating the effect of this statement 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. GASB Statement No. 95 postpones the effective date of this statement by 18 months. MTC adopted GASB Statement No. 95 which postponed the implementation of this statement by 18 months. Management is currently evaluating the effect of this statement on MTC's financial statements.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. This statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. GASB Statement No. 95 postpones the effective date of this statement by one year. MTC adopted GASB Statement No. 95 which postponed the implementation of this statement by one year. Management is currently evaluating the effect of this statement on MTC's financial statements.

GASB Statement No. 90, *Majority Equity Interests*, provides guidance on how to improve reporting of Majority Equity Interests. This statement improves the consistency and comparability of reporting a government's majority equity interest in legally separate organizations and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. GASB Statement No. 95 postpones the effective date of this statement by one year. MTC adopted GASB Statement No. 95 which postponed the implementation of this statement by one year. Management is currently evaluating the effect of this statement on MTC's financial statements.

GASB Statement No. 91, *Conduit Debt Obligations*, provides single method of reporting conduit debt obligations. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note

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disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. GASB Statement No. 95 postpones the effective date of this statement by one year. MTC adopted GASB Statement No. 95 which postponed the implementation of this statement by one year. Management is currently evaluating the effect of this statement on MTC's financial statements.

GASB Statement No. 92, *Omnibus 2020*, establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance related activities of public entity risk pools, fair value measurements, and derivative instruments. The initial requirements of this Statement are effective as follows: (a) The requirements in paragraphs 4, 5, 11, and 13 are effective upon issuance. (b) The requirements in paragraphs 6 and 7 are effective for fiscal years beginning after June 15, 2020. (c) The requirements in paragraphs 8, 9, and 12 are effective for reporting periods beginning after June 15, 2020. (d) The requirements in paragraph 10 are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020. GASB Statement No. 95 postpones the effective dates of this statement by one year. MTC adopted GASB Statement No. 95 which postponed the implementation of this statement by one year. Management is currently evaluating the effect of this statement on MTC's financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates (IBOR)*, establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for paragraphs 11b, are effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. GASB Statement No. 95 postpones the effective date of paragraphs 13 and 14 by one year. MTC adopted GASB Statement No. 95 which postponed the implementation of paragraphs 13 and 14 by one year. Management is currently evaluating the effect of this statement on MTC's financial statements.

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

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018. The requirements of this Statement are effective immediately. MTC adopted this standard for fiscal year ended June 30, 2020. The adoption of the standard has no impact on MTC's financial statements.

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

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, (a) clarifies how the absence of a governing board should be considered in determining whether a primary government is financially

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accountable for purposes of evaluating potential component units and (b) modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans (for example, certain Section 457 plans). The requirements of this statement are effective as follow: (a) The requirement in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. (b) The requirements in paragraphs 6–9 of this Statement are effective for fiscal years beginning after June 15, 2021. (c) All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. MTC adopted paragraphs 4 and 5 of this statement in fiscal year 2020. The adoption of paragraphs 4 and 5 does not have any material impact on MTC's financial statements. Management is evaluating the effect of the remaining paragraphs of this statement 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 and special revenue funds. Under this method, purchase orders, contracts, memoranda of understanding and other commitments outstanding at year-end do not constitute expenditures or liabilities. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides additional guidance on the classification within the fund balances section of amounts that have been encumbered. Encumbrances of balances within the general fund are classified as committed and are included in the "transportation projects" category. 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:

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	<u>2020</u>
General Fund	\$ 4,740,833
AB 664 Net Toll Revenue	44,569,107
State Transit Assistance Funds	26,389,049
Rail Reserves	4,399,726
Non-major Governmental Funds	19,074,799

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. Unrestricted net position is the net amount of the residual value that is not included in the restricted categories of net position. It is MTC's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

G. Fund Balances

Fund balances, presented in the governmental fund financial statements, represent the difference between assets, liabilities and deferred inflows and outflows 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, 2020 and classified fund balances into the following five categories:

- Nonspendable – Items that cannot be spent because they are not in spendable form, such as prepaid items, are reported in the general fund.
- Restricted – Items that are restricted by external parties such as creditors or imposed by grants, law or legislation. MTC has legislative restrictions on amounts collected for various transportation and rail projects included in the AB 664 Toll Revenue, STA, BART Car Exchange, Transit Reserve, Rail Reserves, and Proposition 1B.
- Committed – Items that have been committed by formal action by the entity's highest level of decision-making authority, which MTC considers to be Commission resolutions. This level of approval has been reported in the general fund and the exchange fund.
- Assigned – Items that have been allocated by committee action where the government's intent is to use the funds for a specific purpose. MTC considers this level of authority to be the Administration

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Committee. This restriction is currently not used on MTC's fund balances.

- Unassigned – This category is the residual classification for the general fund. This category represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance. In other governmental funds, if expenditures exceed amounts restricted or committed, it may be necessary to report a negative unassigned fund balance.

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

GASB Statement No. 54 also clarifies definitions for governmental fund types. MTC evaluated each of its funds at June 30, 2020 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. MTC reports its money market securities and short-term investments at cost. This is permissible under this standard provided those investments have a remaining maturity at the time of purchase of one year or less and that the fair value of those investments is not

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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 I.V. Investments purchased, but not yet settled in cash, are included in security trade payables in the statement of net position.

Cash

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

Restricted Cash

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

Restricted Investments

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

Non-Current Cash and Investments

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

I. Prepaid Items

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

J. Capital Assets

Capital assets, which include buildings and improvements, furniture and equipment, 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

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

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

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

	<u>Years</u>
Buildings and improvements	7-45
Furniture and equipment	3-25
Intangible assets	5-10
Leased equipment	5
Automobiles	3
Call boxes	10

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

K. Retirement Plans

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

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

Valuation Date (VD)	June 30, 2018
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

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, 2018. CalPERS then rolled forward the total pension liability to June 30, 2019, and this is the basis for reporting MTC's net pension liability at June 30, 2020.

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

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

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

L. Post Employment Healthcare Benefits

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

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

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

Valuation Date (VD)	June 30, 2019
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

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 / asset at June 30, 2020 was determined using the actuarial valuation and measurement date of June 30, 2019.

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

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

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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–Milius–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 2020 reconciling items are as follows:

	<u>2020</u>
Capital outlay	\$ 12,013
Depreciation expense	<u>(178,626)</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at change in net position of governmental activities	<u>\$ (166,613)</u>

O. Unearned Revenue

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

P. Regional Measure 3 Collection

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

Q. Deferred inflows/outflows of resources - 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.

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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 charge for the fiscal year was \$16,227,961.

R. Deferred Amount on Refunding

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

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

Deferred outflows and deferred inflows of resources are recognized for:

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

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

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

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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.

T. 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.

U. Other Operating Revenues

Violation fees and penalties collected and escheatment revenue are recognized as other operating revenues.

V. 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.

W. 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 year ended June 30, 2020:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total 2020</u>
Investment income	\$ 13,297,700	\$ 39,779,801	\$ 53,077,501
Investment derivatives	-	(201,597,075)	(201,597,075)
Total - FY 2020	<u>\$ 13,297,700</u>	<u>\$ (161,817,274)</u>	<u>\$ (148,519,574)</u>

X. Distributions to Caltrans for their Capital Purposes

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

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

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

Z. 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.

AA. Build America Bonds (BABs) Interest Subsidy

The interest subsidy on the BABs was \$71,885,581 for fiscal year 2020. Of this amount, \$17,909,697 was not received as of June 30, 2020, therefore was included as year-end accrual. The Federal government makes a semiannual payment to MTC on April 1 and October 1 of each year. The two interest subsidy payments in fiscal years 2020 were short due to the Federal budget and sequestration constraints. In fiscal year 2020, the payments were impacted by a reduction of 6.2% of the subsidy amount for the first quarter and 5.9% for the last three quarters.

AB. 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.

AC. Special Item: Capital Contribution from BATA to BAIFA

BATA has been housing the Express Lanes Capital Program since the establishment of this project in fiscal year 2012-13. In October 2017, the first BAIFA Express Lanes entered into operation in Contra Costa on Interstate 680. As additional express lanes go into the operating phase, it is more appropriate to transfer the Express Lanes Capital Project to BAIFA. The net assets and liabilities transferred to BAIFA in fiscal year 2020 was recorded as a Capital Contribution to BAIFA and reported as a special item for BATA and BAIFA. Assets and liabilities transferred at carrying value as of 7/1/2019 consisted of cash of \$14,103,555, investments of \$118,395,552, interest receivable of \$465,440; capital assets net of accumulated depreciation of \$111,837,810, and liabilities of \$14,473,209.

AD. Prior Year Comparative Information

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with MTC's prior year financial statements,

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from which this selected financial data was derived.

AE. Presentational Reclassifications of Prior Year Amounts

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

AF. Recent Event

During FY 2020, a novel strain of coronavirus spread around the world and was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. In March 2020 the State of California issued a statewide shelter-in-place order that continues to have a significant impact on the operations and business results of MTC. MTC cannot predict the extent and duration of the economic slowdown including changes in traffic volume on the seven state-owned toll bridges in the San Francisco Bay Area (Bridge System). MTC has not included any contingencies in the financial statements specific to this recent event.

2. Net Position

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

3. Cash and Investments

A. A summary of Cash and Investments as shown on the Statement of Net Position for all funds at June 30, 2020 is as follows:

	<u>2020</u>
Unrestricted cash	\$ 610,475,992
Unrestricted investments	<u>86,178,336</u>
Total unrestricted cash and investments	<u>696,654,328</u>
Restricted cash	332,408,535
Restricted investments	<u>1,911,389,048</u>
Total restricted cash and investments	<u>2,243,797,583</u>
Total cash and investments	<u>\$ 2,940,451,911</u>

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The details of restricted cash and investments are as follows:

	<u>2020</u>
FasTrak® program	\$ 121,742,516
Escrow account	1,166,022
Debt service fund	534,211,465
Operations & maintenance reserve	180,000,000
Extraordinary loss reserve	50,000,000
Rehabilitation reserve	210,000,000
Projects / self-insurance reserves	280,000,000
Variable rate risk reserve	280,000,000
Capital projects	7,360,985
BART car exchange project	400,958,171
Regional Measure 3	<u>178,358,424</u>
Total restricted cash and investments	<u>\$2,243,797,583</u>

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. Toll amounts are deducted from customers' prepaid toll accounts as customers cross a bridge or use the express lane. The operations & maintenance reserve, Debt service reserve, Extraordinary loss reserve, Rehabilitation reserve, Projects/Self-insurance reserve as well as the Variable rate risk reserve are described in Note 5. The BART car exchange project is described in Note 1.B.ii. The Regional Measure 3 is described in Note 11.

B. The composition of cash and investments at June 30, 2020 is as follows:

Cash

Cash at banks	\$ 363,341,486
Money market mutual funds	205,097,074
Government Pool Investments	291,665,311
County of Alameda	<u>82,780,656</u>
Total Cash	<u>\$ 942,884,527</u>

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

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Fiduciary funds

Cash at bank - Clipper®	\$ 153,993,224
Cash at county pool	
County of Alameda	23,888,567
County of Contra Costa	28,761,039
County of Marin	691,256
County of Napa	2,760,518
County of San Francisco	5,531,932
County of San Mateo	4,927,536
County of Santa Clara	7,628,231
County of Solano	32,862,196
County of Sonoma	11,737,906
AB 1107	<u>6,268,263</u>
Total cash in county pool	<u>125,057,444</u>
 Total cash - fiduciary funds	 <u>\$ 279,050,668</u>

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

Money Market Mutual Funds	
BlackRock Treasury Trust Fund	4%
Morgan Stanley Government Portfolio	3%
BlackRock T-Fund Institutional	less than 1%

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

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

Money Market Mutual Funds

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

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

The BlackRock T-Fund Institutional fund is part of the overnight sweep fund utilized by Union Bank

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trustee accounts. The fund invests primarily in money market instruments including U.S. Treasury bills, notes, obligations guaranteed by the U.S. Treasury and repurchase agreements fully collateralized by such obligations. The fund is rated “AAA/Aaa” by Standard & Poor’s and Moody’s, respectively.

Government Pools

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

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

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

Investments

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

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

Level 2: Inputs to the valuation methodology include:

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

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

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

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The following is a description of the valuation methodologies used for assets measured at fair value at June 30, 2020:

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

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

Investments by fair value level at June 30, 2020	Level 1	Level 2	Level 3	Total
Government-Sponsored Enterprises:				
Federal Home Loan Bank	\$ -	\$ 1,324,845,126	\$ -	\$ 1,324,845,126
Federal Home Loan Mortgage Corporation	-	567,918,488	-	567,918,488
Federal National Mortgage Association	-	79,303,770	-	79,303,770
Total	-	1,972,067,384	-	1,972,067,384
Municipal Bonds	-	25,500,000	-	25,500,000
Total Investments Measured at Fair Value	\$ -	\$ 1,997,567,384	\$ -	\$ 1,997,567,384

Refer to Note 5 for the investment derivative instruments valuations.

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.

Municipal Bonds include holdings in East Bay Municipal Utility District (EBMUD) Water System Revenue Refunding Bonds and Bay Area Air Quality Management District (BAAQMD) Certificates of Participation (COP). EBMUD carries “AAA/Aa1” ratings from Standard & Poor's and Moody's, respectively. The BAAQMD COP is a private placement security and is not rated.

C. Deposit and Investment Risk Factors

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

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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 investments at June 30, 2020 are as follows:

Federal Home Loan Bank (FHLB)	66%
Federal Home Loan Mortgage Corporation (FHLMC)	28%

iv.) Interest Rate Risk

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

MTC's investment portfolio consists of some variable rate demand obligations (VRDOs). VRDOs have liquidity instruments that allow the securities to be put back to the bank either with one day or with seven days' notice, depending on the security, and there is no significant risk of market value loss. Interest rates on the securities are reset daily or weekly and will fluctuate with the market at any given time.

The weighted average maturities of MTC's GSE securities (expressed in number of years) at June 30, 2020 are as follows:

Government-sponsored enterprises	
Federal Home Loan Bank	0.20
Federal Home Loan Mortgage Corporation	2.81
Federal National Mortgage Association	3.63

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4. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2020 is as follows:

	Beginning Balance July 1,	Increases	Decreases	Ending Balance June 30, 2020
Governmental activities				
Capital assets, not being depreciated:				
Construction in progress	\$ 10,730	\$ -	\$ (10,730)	\$ -
Total capital assets, not being depreciated	<u>10,730</u>	<u>-</u>	<u>(10,730)</u>	<u>-</u>
Capital assets, being depreciated:				
Building and improvements	109,415	-	(109,415)	-
Furniture and equipment	1,483,483	22,743	(1,636)	1,504,590
Intangible assets	146,226	-	-	146,226
Leased equipment	362,667	-	-	362,667
Automobiles	62,279	-	-	62,279
Total capital assets being depreciated	<u>2,164,070</u>	<u>22,743</u>	<u>(111,051)</u>	<u>2,075,762</u>
Less accumulated depreciation for:				
Building and improvements	109,415	-	(109,415)	-
Furniture and equipment	1,314,492	61,389	(1,636)	1,374,245
Intangible assets	58,895	29,245	-	88,140
Leased equipment	237,782	77,528	-	315,310
Automobiles	42,222	10,464	-	52,686
Total accumulated depreciation	<u>1,762,806</u>	<u>178,626</u>	<u>(111,051)</u>	<u>1,830,381</u>
Total capital assets, being depreciated, net	<u>401,264</u>	<u>(155,883)</u>	<u>-</u>	<u>245,381</u>
Governmental activities capital assets, net	<u>\$ 411,994</u>	<u>\$ (155,883)</u>	<u>\$ (10,730)</u>	<u>\$ 245,381</u>

	Beginning Balance July 1, 2019	Increases	Decreases	Ending Balance June 30, 2020
Business-type activities				
Capital assets, not being depreciated:				
Construction in progress	\$ 80,529,967	\$ 153,385	\$ (80,403,102) *	\$ 280,250
Total capital assets, not being depreciated	<u>80,529,967</u>	<u>153,385</u>	<u>(80,403,102)</u>	<u>280,250</u>
Capital assets, being depreciated:				
Furniture and equipment	35,641,063	-	(20,706,650) *	14,934,413
Building/Tenant improvements	5,163,153	-	-	5,163,153
Automobiles	87,942	-	-	87,942
Intangible assets	40,810,297	-	(17,142,134) *	23,668,163
Call boxes	7,035,324	-	(5,218,872)	1,816,452
Total capital assets being depreciated	<u>88,737,779</u>	<u>-</u>	<u>(43,067,656)</u>	<u>45,670,123</u>
Less accumulated depreciation for:				
Furniture and equipment	16,771,351	884,573	(3,149,916) *	14,506,008
Building/Tenant improvements	4,043,552	682,124	-	4,725,676
Automobiles	87,942	-	-	87,942
Intangible assets	23,561,131	1,454,471	(3,264,159) *	21,751,443
Call boxes	6,609,105	106,495	(5,174,411)	1,541,189
Total accumulated depreciation	<u>51,073,081</u>	<u>3,127,663</u>	<u>(11,588,486)</u>	<u>42,612,258</u>
Total capital assets, being depreciated, net	<u>37,664,698</u>	<u>(3,127,663)</u>	<u>(31,479,170)</u>	<u>3,057,865</u>
Business-type activities capital assets, net	<u>\$ 118,194,665</u>	<u>\$ (2,974,278)</u>	<u>\$ (111,882,272)</u>	<u>\$ 3,338,115</u>

* Net capital assets of \$111,837,810 was transferred from BATA to BAIFA in FY 2020. See Note 1. AC.

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

Governmental activities:	
General government	\$ 178,626
Total depreciation expense - governmental activities	<u>\$ 178,626</u>
Business-type activities:	
Toll bridge activities	\$ 2,910,229
Congestion relief	217,434
Total depreciation expense - business-type activities	<u>\$ 3,127,663</u>

5. Long-Term Debt

In August 2019, BATA issued its Toll Revenue Bonds, 2019 Series A, B, C, and D of \$291,730,000 to defease all of the Authority's outstanding Toll Revenue Bonds, 2017 Series E and 2018 Series C. Concurrently, BATA also issued its Subordinate Toll Revenue Bonds, 2019 Series S-8 of \$203,270,000 to defease all of the Authority's outstanding Toll Revenue Bonds, 2014 Series D and 2014 Series G. The bonds were called within the call period in accordance with the Master and Subordinate Indentures and as such constitute as a current refunding under IRS code.

The 2019 Series A, B, and C bonds are variable rate bonds with a final maturity date of April 2053 and bear interest at a weekly rate. The 2019 Series D bond is a variable rate bond with a final maturity date of April 2047 and bear interest at a weekly rate. BATA may change the Interest Rate Mode associated with the bonds from time to time. Depending on the interest rate environment when the bonds are remarketed, the interest rate on the bonds may be higher than the weekly rate.

The 2019 Series S-8 bonds have a final maturity date of April 2056 and bear interest at the stated fixed rate of 3 percent and 5 percent.

The proceeds of the 2019 Series A, B, C, and D and the 2019 Series S-8, along with a cash contribution from BATA were deposited into an Escrow Fund held by the Senior Trustee. The funds on deposit were used to purchase certain non-callable senior Government Obligations to be used to pay the interest and redemption of the refunded bonds on or prior to the redemption date. BATA also made a cash contribution for the transactions to (i) make a deposit to the Subordinate Reserve Fund and (ii) pay for costs of issuance.

The 2019 Series A, B, C, and D and the 2019 Series S-8 refunding transactions were recorded as an advance refunding in accordance with GASB Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt* and GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*. Because the refundings consisted of the rollover of term and index bonds, there was no (i) cash flow differentials or (ii) economic gain or loss from the transaction.

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In September 2019, BATA issued its Toll Revenue Bonds, 2019 Series F-1 of \$869,195,000 to defease a portion of the Authority's outstanding Toll Revenue Bonds, 2012 Series F-1 and all of the Authority's outstanding Toll Revenue Bonds, 2014 Series F-1. BATA also issued its Subordinate Toll Revenue Bonds, 2019 Series S-9 of \$103,535,000 to defease all of the Authority's outstanding Subordinate Toll Revenue Bonds, 2014 Series S-6. The 2019 Series F-1 and 2019 Series S-9 are federally taxable bonds.

The 2019 Series F-1 has a final maturity date of April 2054 and bear interest at the stated fixed rate ranging from 2 percent to 4 percent. The 2019 Series S-9 has a final maturity date of April 2023 and bear interest at the stated fixed rate ranging from 2 percent to 3 percent.

The proceeds of the 2019 Series F-1, along with a cash contribution from BATA were deposited into an Escrow Fund held by the Senior Trustee. The funds on deposit were used 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 date. BATA also made a cash contribution to pay for costs of issuance.

The proceeds of the 2019 Series S-9, along with a cash contribution from BATA were deposited into an Escrow Fund held by the Subordinate Trustee. The funds on deposit were used 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 date. BATA also made a cash contribution for the transaction to (i) make a deposit to the Subordinate Reserve Fund and (ii) pay for costs of issuance.

The 2019 Series F-1 and the 2019 Series S-9 refunding transactions were recorded as an advance refunding in accordance with GASB Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt* and GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*. The difference between the cash flows required to service the old debt and the cash flows required to service the new debt is \$709,522,624. The transactions provided a present value economic gain of \$213,332,757.

In May 2020, BATA made a prepayment to fund all principal and related interest becoming due and payable in fiscal year 2021. This affected Toll Revenue Bonds, 2012 Series F-1 and 2014 Series F-2; and Subordinate Toll Revenue Bonds, 2010 Series S-1, 2010 Series S-2, 2017 Series S-7, and 2019 Series S-9.

BATA irrevocably placed cash with a senior bonds escrow agent and a subordinate bonds escrow agent to be used solely for satisfying scheduled payments of both principal and interest becoming due and payable in fiscal year 2021 for the related bonds.

These transactions were recorded as an in-substance defeasance in accordance with GASB Statement No. 86, *Certain Debt Extinguishment Issues*.

There is no outstanding debt that was defeased in substance as of June 30, 2020.

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Term / Index Rate Bonds:

BATA has a principal balance of \$2,031,980,000 in term/index rate bonds. The term/index rate bond series are detailed as follows:

<u>Series</u>	<u>Par</u>	<u>Term/ Index Rate</u>	<u>Effective Date</u>	<u>Maturity Date</u>
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 E	\$143,675,000	2.00%	12/18/2014	4/1/2021
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 G	\$153,975,000	2.000%	8/23/2017	4/1/2024
2017 Series H	\$188,750,000	2.125%	8/23/2017	4/1/2025
2018 Series A	\$194,735,000	2.625%	12/20/2018	4/1/2026
2018 Series B	\$125,000,000	2.250%	12/20/2018	4/1/2022

Variable Rate Demand Bonds:

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

<u>Series</u>	<u>Par Amount</u>	<u>Letter of Credit Providers</u>	<u>Short Term Rating (S&P, Moody's /Fitch)</u>	<u>Letter of Credit Expiration Date</u>	<u>Remarketing Agents</u>
2007 Series A2	\$75,000,000	MUFG Bank, Ltd.	A1/P1/F1	6/15/2022	JP Morgan Securities, LLC
2007 Series B2	\$75,000,000	Sumitomo Mitsui Banking Corporation	A1/P1/F1	6/15/2022	Citigroup Global Markets Inc.
2007 Series C2	\$25,000,000	MUFG Bank, Ltd.	A1/P1/F1	6/15/2022	Goldman Sachs & Co
2007 Series D2	\$100,000,000	Bank of America, N.A.	A1/P1/F1+	6/15/2022	BofA Securities, Inc. ⁽¹⁾
2007 Series G1	\$50,000,000	Bank of America, N.A.	A1/P1/F1+	6/15/2022	Barclays Capital Inc.
2008 Series C1	\$25,000,000	Sumitomo Mitsui Banking Corporation	A1/P1/F1	6/15/2022	Citigroup Global Markets Inc
2008 Series E1	\$50,000,000	MUFG Bank, Ltd.	A1/P1/F1	6/15/2022	Morgan Stanley & Co. LLC.
2019 Series A	\$100,000,000	Bank of America, N.A.	A1/P1/F1+	8/1/2024	BofA Securities, Inc.
2019 Series B	\$57,160,000	Sumitomo Mitsui Banking Corporation	A1/P1/F1	8/1/2024	JP Morgan Securities, LLC
2019 Series C	\$52,200,000	Bank of America, N.A.	A1/P1/F1+	8/1/2024	Goldman Sachs & Co
2019 Series D	\$82,370,000	Sumitomo Mitsui Banking Corporation	A1/P1/F1	8/1/2024	JP Morgan Securities, LLC

⁽¹⁾ On 9/30/17, Bank of America Merrill Lynch established a new legal entity, BofA Securities, Inc.

As of June 30, 2020, 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%.

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A summary of changes in long-term debt for the year ended June 30, 2020 is as follows:

Business-type activities	Issue Date	Interest Rate		Calendar Year Maturity	Original Amount	Beginning Balance July 1, 2019	Additions	Reductions	Ending Balance June 30, 2020	Due Within One Year⁽¹¹⁾
2001 Revenue Bond Series A	5/24/2001	3.69%	(2)	2036	\$ 150,000,000	\$ 150,000,000	\$ -	\$ -	\$ 150,000,000	\$ -
2006 Revenue Bond Series C	2/8/2006	3.60%	(2)	2045	275,000,000	125,000,000	-	-	125,000,000	-
2007 Revenue Bond Series C1	5/15/2007	3.60%	(2)	2047	50,000,000	50,000,000	-	-	50,000,000	-
2007 Revenue Bond Series G1	5/15/2007	3.60%	(2)	2047	50,000,000	50,000,000	-	-	50,000,000	-
2007 Revenue Bond Series A2	10/25/2007	0.62%	(4)	2047	75,000,000	75,000,000	-	-	75,000,000	-
2007 Revenue Bond Series (B2,C2,D2)	10/25/2007	3.60%	(2)	2047	200,000,000	200,000,000	-	-	200,000,000	-
2008 Revenue Bond Series (A1,B1,C1,E1,G1)	6/5/2008	3.60%	(2)	2045	345,000,000	345,000,000	-	-	345,000,000	-
2009 Revenue Bond Series F2 (BABs)	11/5/2009	4.07%	(1,3)	2049	1,300,000,000	1,300,000,000	-	-	1,300,000,000	-
2010 Revenue Bond Series S1 (BABs)	7/1/2010	4.53%	(1,3)	2050	1,500,000,000	1,500,000,000	-	(37,065,000) ^(11,12)	1,462,935,000	-
2010 Revenue Bond Series S2	11/4/2010	3.84%	(1)	2020	410,000,000	1,365,000	-	(1,365,000) ^(11,12)	-	-
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	3.84%	(1)	2031	907,525,000	779,765,000	-	(676,045,000) ^(8,11,12)	103,720,000	-
2014 Revenue Bond Series F1	8/5/2014	5.00%	(1)	2054	200,000,000	200,000,000	-	(200,000,000) ⁽⁸⁾	-	-
2014 Revenue Bond Series (D,E)	12/18/2014	2.00%	(1)	2034	287,405,000	287,405,000	-	(143,730,000) ⁽⁶⁾	143,675,000	-
2014 Revenue Bond Series (G,H)	12/18/2014	3.60%	(2)	2034	143,695,000	143,695,000	-	(71,865,000) ⁽⁶⁾	71,830,000	-
2014 Revenue Bond Series F2	12/18/2014	4.00%	(1)	2021	80,335,000	74,720,000	-	(74,720,000) ^(11,12)	-	-
2014 Revenue Bond Series (S5,S6)	12/18/2014	4.79%	(1)	2054	300,000,000	300,000,000	-	(300,000,000) ^(9,10)	-	-
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	2.07%	(1)	2053	552,085,000	552,085,000	-	(209,360,000) ⁽⁷⁾	342,725,000	-
2017 Revenue Bond Series S7	8/23/2017	4.06%	(1)	2049	1,402,175,000	1,391,570,000	-	(23,295,000) ^(11,12)	1,368,275,000	-
2018 Revenue Bond Series A	12/20/2018	2.63%	(1)	2045	194,735,000	194,735,000	-	-	194,735,000	-
2018 Revenue Bond Series B	12/20/2018	2.25%	(1)	2045	125,000,000	125,000,000	-	-	125,000,000	-
2018 Revenue Bond Series C	12/20/2018	1.75%	(5)	2047	82,370,000	82,370,000	-	(82,370,000) ⁽⁷⁾	-	-
2019 Revenue Bond Series SH	2/26/2019	5.00%	(1)	2049	126,240,000	126,240,000	-	-	126,240,000	-
2019 Revenue Bond Series S8	8/1/2019	3.80%	(1)	2056	203,270,000	-	203,270,000 ⁽⁶⁾	-	203,270,000	-
2019 Revenue Bond Series (A,B,C,D)	8/1/2019	3.60%	(2)	2053	291,730,000	-	291,730,000 ⁽⁷⁾	-	291,730,000	-
2019 Revenue Bond Series F1	9/26/2019	2.76%	(1)	2054	869,195,000	-	869,195,000 ⁽⁸⁾	-	869,195,000	-
2019 Revenue Bond Series S9	9/26/2019	2.16%	(1)	2023	103,535,000	-	103,535,000 ⁽⁹⁾	(42,500,000) ^(11,12)	61,035,000	-
					\$ 11,558,310,000	9,387,965,000	1,467,730,000	(1,862,315,000)	8,993,380,000	\$ -
Net unamortized bond premium /(discount)						255,461,484	12,390,397	(120,908,113)	146,943,768	
Net long-term debt as of June 30, 2020						<u>\$ 9,643,426,484</u>	<u>\$ 1,480,120,397</u>	<u>\$ (1,983,223,113)</u>	<u>\$ 9,140,323,768</u>	

- (1) Interest rates on fixed rate bonds/term rate bonds are calculated on weighted outstanding coupon rates.
(2) Weighted swap rate is presented for variable rate bonds that are hedged with a swap. Variable rate bonds are presented as long-term debt in accordance with GASB Interpretation No. 1 because BATA has liquidity commitments.
(3) Federal Taxable Build America Bonds.
(4) The interest rate presented is the 6/30/2020 variable rate plus credit facility fees rates related to the respective bond.
(5) The interest rate presented is the 7/31/2019 SIFMA rate plus the spread related to the respective bond. The 2018 Series C was fully refunded on 8/1/2019.
(6) Issuance of the 2019 Series S8 bonds to fully refund bonds, 2014 Series D and 2014 Series G on 8/1/2019.
(7) Issuance of the 2019 Series A-D bonds to fully refund bonds, 2017 Series E and 2018 Series C on 8/1/2019.
(8) Issuance of the 2019 Series F1 bonds to partially refund bonds, 2012 Series F1 and to fully refund bonds, 2014 Series F1 on 9/26/2019. The 2019 Series F1 bonds are federally taxable.
(9) Issuance of the 2019 Series S9 bonds to fully refund bonds, 2014 Series S6 on 9/26/2019. The 2019 Series S9 bonds are federally taxable.
(10) Full redemption of 2014 Series S5 bond on 10/1/2019.
(11) In-substance defeasance of FY20/21 scheduled principal payments on 5/19/2020.
(12) Scheduled payments.

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Annual funding requirements

The annual funding requirements for the debt and swap outstanding of the business-type activities at June 30, 2020 are as follows:

Business-type activities

Fiscal Year Ending	Principal Payments	Interest Payments	Total Payments
2021	\$ -	\$ 352,175,015	\$ 352,175,015
2022	137,035,000	345,619,947	482,654,947
2023	144,250,000	336,217,504	480,467,504
2024	135,920,000	330,974,483	466,894,483
2025	138,295,000	323,954,365	462,249,365
2026-2030	906,745,000	1,492,667,336	2,399,412,336
2031-2035	1,180,620,000	1,312,088,276	2,492,708,276
2036-2040	1,428,130,000	1,092,877,615	2,521,007,615
2041-2045	1,702,725,000	834,944,104	2,537,669,104
2046-2050	2,078,185,000	486,610,229	2,564,795,229
2051-2055	907,665,000	131,955,510	1,039,620,510
2056	233,810,000	10,710,092	244,520,092
	<u>\$ 8,993,380,000</u>	<u>\$ 7,050,794,476</u>	<u>\$ 16,044,174,476</u>

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 10.

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

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

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

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

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

As of June 30, 2020, the current Reserve Requirement and the fair value of the cash and investment securities in the Debt Service reserves are as follows:

	<u>Reserve Requirement⁽¹⁾</u>	<u>Fair Value of Cash & Securities</u>
Senior Debt	\$332,986,428	\$346,950,625
Subordinate Debt	\$160,546,625	\$175,046,888

⁽¹⁾The debt service reserve requirements are recalculated on an annual basis on April 1.

BATA maintains certain designated reserves:

<u>Designation</u>	<u>Requirement</u>	<u>Required Amount</u>	<u>June 30, 2020</u>
External Designation:			
O & M	2x Caltrans budgeted O&M costs	\$59.4 million	\$180 million
Extraordinary loss	BATA/Caltrans Coop Agreement	\$50 million	\$50 million
BATA designation:			
Rehab reserve	2x Rehab budget (\$105m/yr)	\$210 million	\$210 million
Variable rate risk reserve	BATA designation	\$280 million	\$280 million
Project/ Self Insurance Reserves	BATA designation	\$280 million	\$280 million

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Derivative Instruments

Investment derivatives fair value in a payable to the counterparty position was \$644,705,755 at June 30, 2020, and recorded in the Statement of Net Position as a liability. The changes in the fair value of investment derivatives were recorded to investment income. See Note 1.W for further details.

Voluntary cancellation of any or all of the swap transactions is subject to a valuation calculation at the time of termination. The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2020 classified by type, and the changes in fair value of such derivative instruments since June 30, 2019 as reported in the financial statements are as follows:

Business-type Activities	Increase (decrease) in Fair Value since June 30, 2019		Fair Value at June 30, 2020		
	Classification	Amount	Classification	Amount	Notional
Pay-fixed interest rate swap	Investment Income	\$ (201,597,075)	Noncurrent Liabilities	\$ (644,705,755)	\$ 1,440,000,000

Objective and Terms of Hedging Derivative Instruments

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

The following tables display the terms of the derivative instruments outstanding along with the credit rating as of June 30, 2020 of the associated counterparty as well as the fair value of the derivative instruments.

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

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Investment Derivative Instruments at June 30, 2020:

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%	\$ -	\$ (25,148,158)	\$ -	\$ (25,148,158)
\$75 million	Morgan Stanley Capital Services LLC.	4.09%	-	(32,157,727)	-	(32,157,727)
\$110 million	Wells Fargo Bank, N.A.	3.64%	-	(42,904,800)	-	(42,904,800)
\$30 million	Bank of America, N.A.	3.63%	-	(14,715,130)	-	(14,715,130)
\$115 million	Citibank Bank, N.A., New York	3.64%	-	(44,854,759)	-	(44,854,759)
\$245 million	JP Morgan Chase Bank, N.A.	4.00%	-	(132,259,880)	-	(132,259,880)
\$50 million	Bank of America, N.A.	3.63%	-	(25,701,669)	-	(25,701,669)
\$260 million	Citibank Bank, N.A. New York	3.64%	-	(106,466,621)	-	(106,466,621)
\$125 million	Bank of America, N.A.	2.96%	-	(48,116,955)	-	(48,116,955)
\$60 million	Goldman Sachs Mitsui Marine Derivative Products, L.P.	3.64%	-	(29,515,000)	-	(29,515,000)
\$85 million	Goldman Sachs Mitsui Marine Derivative Products, L.P.	3.64%	-	(43,841,930)	-	(43,841,930)
\$170 million	The Bank of New York Mellon	3.64%	-	(87,682,740)	-	(87,682,740)
\$40 million	The Bank of New York Mellon	2.22%	-	(11,340,386)	-	(11,340,386)
	Total Derivative Instruments - Fair Value		\$ -	\$ (644,705,755)	\$ -	\$ (644,705,755)

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

Effective and maturity dates are presented in the Supplementary Information, Schedule 14-17.

^(A) BATA paying fixed rate, receiving variable rate based on LIBOR Index.

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The termination value or fair market value which BATA would pay to terminate all swaps on a voluntary basis is \$645 million on June 30, 2020. However, BATA's intent is to maintain the swap transactions for the life of the related financings, notwithstanding market opportunities to restructure.

Swaps are subject to credit risk, which is the possibility that the counterparty will fail to make interest payment in a timely manner or 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 will fail to meet its obligations or potentially default.

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

As of June 30, 2020, 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, 2020, are as follows:

Governmental Activities

Year Ending June 30	Amount
2021	\$ 52,032
Less interest amounts	(745)
Present value of net minimum lease payments	<u>\$ 51,287</u>

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7. Interfund Receivables, Payables and Transfers

The composition of interfund transfers as of June 30, 2020, is as follows:

Transfer Out:	Transfer In:					Total
	General	AB 664 Net Toll Revenue Reserve	Rail Reserves	Non-Major Governmental Funds	MTC Clipper®	
Non-Major	\$ 11,023,985	\$ -	\$ -	\$ -	\$ -	\$ 11,023,985
STA	275,147	-	-	-	11,195,075	11,470,222
BATA	17,867,223	7,925,106	6,434,730	1,868,125	14,267,020	48,362,204
SAFE	1,018,361	-	-	-	-	1,018,361
Total	\$ 30,184,716	\$ 7,925,106	\$ 6,434,730	\$ 1,868,125	\$ 25,462,095	\$ 71,874,772

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 \$14,267,020 was transferred from BATA to MTC-Clipper® to support their operations. An amount of \$17,867,223 was transferred from BATA to the General fund which represents the annual 1% transfer for MTC administration and the Bay Area Forward projects. An amount of \$11,023,985 was transferred from Non-Major to General mainly related to the Affordable Housing Jumpstart project. The transfer amount from BATA to AB 664 Toll Reserves, Rail Reserves and Non-Major funds totaling \$16,227,961 is the amortization of the deferred revenue for these funds. See Note 1.Q for further details.

Receivable Fund	Payable Fund	Amount
General	Non-Major	\$ 3,424,874
General	STA	53,622
General	MTC Clipper®	22
General	BATA	1,546,992
STA	General	280,038
STA	MTC Clipper®	2,567,552
MTC Clipper®	General	125,928
MTC Clipper®	BATA	942,170
SAFE	General	2,668,728
BATA	General	2,219,263

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, 2020 are as follows: an amount of \$3,424,874 represents expenses incurred for the Affordable Housing Jumpstart project, but not yet received from Non-Major; an

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amount \$2,668,728 represents an advance the General fund received from SAFE to support the Regional Operations, Emergency Response Operations and Freeway Initiative projects; and an amount of \$2,219,263 represents a return from General fund to BATA related to the annual 1% Administration Transfer due to lower revenues for the year.

8. Employees' Retirement Plan

A. General Information about the Pension Plan

Plan Description

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

Benefits Provided

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

The Plan's provisions and benefits in effect at June 30, 2020, are summarized as follows:

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

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Employees Covered at the measurement date of June 30, 2020 are as follows:

Active employees	274
Inactive employees or beneficiaries currently receiving benefits	151
Inactive employees entitled to but not yet receiving benefits	197

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 necessary to finance any unfunded accrued liability. The employer (MTC) is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer (MTC) to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. For current reporting period ended June 30, 2020, MTC's retirement contributions are allocated as follows:

- Tier 1 - The total Public Employees' Retirement System (PERS) contribution rate is 27.887 percent (consisting of 19.887 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, 2020 is 20.947 percent by MTC and 6.94 percent by members.
- Tier 2 - The total PERS contribution rate is 27.137 percent (consisting of 19.887 percent employer rate and 7.25 percent member rate). Per MTC and employee agreement, the shared contribution for the current reporting period ended June 30, 2020 is 19.887 percent by MTC and 7.25 percent by members.

Total actual contribution made for fiscal year 2020 is \$23,202,600 which consists of \$6,981,257 employer actuarially determined contribution and two additional contributions of \$6,991,519 and \$9,229,824. The contribution is charged to its blended and discretely presented component units on their share of MTC's payroll cost for the relevant year.

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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, 2019, the total pension liability was determined using the annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures.

Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

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

Change of Assumptions

In fiscal year 2020, the accounting discount rate is 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.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical Taking into account historical returns of all the Public Employees Retirements Funds' (PERF) asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects fiscal year 2020 long-term expected real rate of return by asset class.

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**	Real Return Years 11+***
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	----	-0.92%

* Fixed income is included in Global Debt Securities; Liquidity is included in short-term investments; Inflation assets are included in both Global Equity Securities and Global Debt Securities.

** An expected inflation of 2.00% used for this period

*** An expected inflation of 2.92% used for this period

C. Pension Plan Fiduciary Net Position

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

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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, 2018	\$ 162,980,509	\$ 133,701,181	\$ 29,279,328
Changes Recognized for the Measurement Period:			
Service Cost	6,332,691	-	6,332,691
Interest on Total Pension Liability	12,111,258	-	12,111,258
Difference between Expected and Actual Experience	6,335,416	-	6,335,416
Net Plan to Plan Resource Movement	-	1,376,963	(1,376,963)
Contributions from Employers	-	6,066,267	(6,066,267)
Contributions from Employees	-	2,619,718	(2,619,718)
Net Investment Income	-	9,132,264	(9,132,264)
Benefit Payments, including Refunds of Employee Contributions	(6,188,088)	(6,188,088)	-
Administrative Expense	-	(95,412)	95,412
Other Miscellaneous Income/(Expense)	-	309	(309)
Net Changes during 2018-19	<u>18,591,277</u>	<u>12,912,021</u>	<u>5,679,256</u>
Balance at June 30, 2019	<u>\$ 181,571,786</u>	<u>\$ 146,613,202</u>	<u>\$ 34,958,584</u>

	Business-Type Activities						Total
	Governmental Activities	Bay Area Toll Authority	MTC SAFE	MTC Clipper	BAHA	BAIFA	
Net pension liability for fiscal year 2020	\$ 24,878,035	\$ 7,069,018	\$ 528,336	\$ 1,712,339	\$ 318,510	\$ 452,346	\$ 34,958,584

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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%)
Governmental Activities	\$ 43,167,501	\$ 24,878,035	\$ 9,822,840
<u>Business-Type Activities</u>			
Bay Area Toll Authority	12,265,914	7,069,018	2,791,130
MTC SAFE	916,750	528,336	208,608
MTC Clipper	2,971,191	1,712,339	676,100
BAHA	552,668	318,510	125,761
BAIFA	784,895	452,346	178,604
Plan's Net Pension Liability / (Asset)	\$ 60,658,919	\$ 34,958,584	\$ 13,803,043

Metropolitan Transportation Commission
Financial Statements for the year ended June 30, 2020
Notes to Financial Statements

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, inactive, and retired) as of beginning of the measurement period

Expected Average Remaining Service Lifetime (EARSL)

The EARSL for the Plan for the measurement period ended June 30, 2019 is 4.9 years which was obtained by dividing the total service years of 2,821 (the sum of remaining service lifetimes of the active employees) by 622 (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 \$7,547,136 for fiscal year 2020 based on the measurement period ended June 30, 2019. The pension expense is allocated to its blended and discretely presented component units as follows:

	Business-Type Activities							Total
	Governmental Activities	Bay Area Toll Authority	MTC SAFE	MTC Clipper	BAHA	BAIFA		
Pension expense for fiscal year 2020	\$ 6,355,383	\$ 130,625	\$ 85,521	\$ 281,423	\$ 266,349	\$ 427,835	\$ 7,547,136	

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For the fiscal year of 2020, MTC has deferred outflows and deferred inflows of resources related to pensions as follows:

Deferred Outflows of Resources								
	Governmental Activities	Business-Type Activities				BAHA	BAIFA	Total
		Bay Area Toll Authority	MTC SAFE	MTC Clipper				
Changes in assumptions	\$ 2,167,384	\$ 615,856	\$ 46,029	\$ 149,180	\$ 27,749	\$ 39,409	\$ 3,045,607	
Difference between expected and actual experience	3,588,442	1,019,644	76,208	246,991	45,942	65,247	5,042,474	
Employer contributions for fiscal year 2020	11,204,733	10,641,513	237,956	771,214	143,453	203,731	23,202,600	
Total - fiscal year 2020	<u>\$ 16,960,559</u>	<u>\$ 12,277,013</u>	<u>\$ 360,193</u>	<u>\$ 1,167,385</u>	<u>\$ 217,144</u>	<u>\$ 308,387</u>	<u>\$ 31,290,681</u>	

Deferred Inflows of Resources								
	Governmental Activities	Business-Type Activities				BAHA	BAIFA	Total
		Bay Area Toll Authority	MTC SAFE	MTC Clipper				
Changes in assumptions	\$ (2,307,775)	\$ (655,747)	\$ (49,013)	\$ (158,841)	\$ (29,548)	\$ (41,961)	\$ (3,242,885)	
Difference between expected and actual experience	(1,270,464)	(360,998)	(26,979)	(87,447)	(16,265)	(22,881)	(1,785,034)	
Net difference between projected and actual earnings on pension plan investments	<u>(622,539)</u>	<u>(176,893)</u>	<u>(13,221)</u>	<u>(42,849)</u>	<u>(7,970)</u>	<u>(11,319)</u>	<u>(874,791)</u>	
Total - fiscal year 2020	<u>\$ (4,200,778)</u>	<u>\$ (1,193,638)</u>	<u>\$ (89,213)</u>	<u>\$ (289,137)</u>	<u>\$ (53,783)</u>	<u>\$ (76,161)</u>	<u>\$ (5,902,710)</u>	

The \$23,202,600 included an additional \$6,991,519 contribution made for this fiscal year and \$9,229,824 contribution made by BATA in prior year 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, 2021.

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

Year ended	Deferred Outflows/(Inflows) of Resources						
	Business-Type Activities						
	Governmental Activities	Bay Area Toll Authority	MTC SAFE	MTC Clipper	BAHA	BAIFA	Total
2021	\$ 1,206,839	\$ 342,919	\$ 25,630	\$ 83,066	\$ 15,451	\$ 21,943	\$ 1,695,848
2022	(317,514)	(90,220)	(6,743)	(21,854)	(4,065)	(5,773)	(446,169)
2023	(152,916)	(43,450)	(3,247)	(10,525)	(1,958)	(2,780)	(214,876)
2024	818,793	232,658	17,389	56,357	10,483	14,888	1,150,568

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.

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.

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The number of participants eligible to receive benefits at July 1, 2019, the date of the roll-forward actuarial valuation:

Active employees	280
Inactive employees or beneficiaries currently receiving benefit payments	107
Inactive employees entitled to but not yet receiving benefit payments	<u>5</u>
	<u><u>392</u></u>

Contribution

The obligation of MTC to contribute to the OPEB plan is established and may be amended by the MTC's Commission. MTC contributes annually to the Trust fund based on the recommended actuarial determined contribution (ADC) amount which is determined by the funding policy and the most recent measurement available when the contribution for the reporting period was adopted. For the fiscal year ended June 30, 2020, MTC pays the retiree benefit expense on a pay-as-you-go basis of \$1,171,894, an estimated implicit subsidy of \$257,000 and funds the remaining actuarially determined contribution (ADC) of \$3,328,106 to PARS.

B. Net OPEB Liability / (Asset)

MTC's net OPEB liability / (asset) was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by the roll-forward actuarial valuation.

Actuarial Assumptions

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

<u>For the fiscal year 2020</u>	<u>Actuarial Assumptions</u>
Discount rate	4.50%
Inflation	2.75%
Investment rate of return	4.50%
Healthcare cost trend rates	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076
Mortality	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019

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:

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

Change of Assumptions

The inflation rate used in the assumptions changed from 2.5% in fiscal year 2019 to 2.75 % in fiscal year 2020.

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.

Metropolitan Transportation Commission
Financial Statements for the year ended June 30, 2020
Notes to Financial Statements

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

The following tables show the changes in net OPEB liability / (asset) recognized for the year ended June 30, 2020.

	Increase / (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability / (Asset)
	(a)	(b)	(a) - (b)
Balance as of June 30, 2019	\$ 39,395,831	\$ 31,903,850	\$ 7,491,981
Service cost	2,725,415	-	2,725,415
Interest on the total OPEB liability	1,867,508	-	1,867,508
Differences between expected and actual experience	2,894,367	-	2,894,367
Changes in Assumption	(3,032,822)	-	(3,032,822)
Contributions - employer	-	12,231,193	(12,231,193)
Net investment income	-	2,668,391	(2,668,391)
Benefit payments	(1,242,130)	(1,242,130)	-
Administrative expense	-	(62,824)	62,824
Net changes	3,212,338	13,594,630	(10,382,292)
Balance as of June 30, 2020	\$ 42,608,169	\$ 45,498,480	\$ (2,890,311)

	Business-Type Activities						Total
	Governmental Activities	Bay Area Toll Authority	MTC SAFE	MTC Clipper	BAHA	BAIFA	
Net OPEB Liability / (Asset) for fiscal year 2020	\$ (2,056,870)	\$ (584,453)	\$ (43,682)	\$ (141,573)	\$ (26,334)	\$ (37,399)	\$ (2,890,311)

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

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

	1% Decrease in Discount Rate (3.50%)	Current Discount Rate (4.50%)	1% Increase in Discount Rate (5.50%)
Governmental Activities	\$ 2,739,302	\$ (2,056,870)	\$ (5,912,623)
<u>Business-Type Activities</u>			
Bay Area Toll Authority	778,364	(584,453)	(1,680,054)
MTC SAFE	58,175	(43,682)	(125,567)
MTC Clipper	188,544	(141,573)	(406,962)
BAHA	35,071	(26,334)	(75,699)
BAIFA	49,807	(37,399)	(107,506)
Net OPEB Liability / (Asset)	\$ 3,849,263	\$ (2,890,311)	\$ (8,308,411)

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

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

	1% Decrease in Healthcare Cost Trend Rate	Current Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
Governmental Activities	\$ (6,542,242)	\$ (2,056,870)	\$ 3,661,677
<u>Business-Type Activities</u>			
Bay Area Toll Authority	(1,858,958)	(584,453)	1,040,455
MTC SAFE	(138,938)	(43,682)	77,763
MTC Clipper	(450,298)	(141,573)	252,031
BAHA	(83,760)	(26,334)	46,880
BAIFA	(118,955)	(37,399)	66,579
Net OPEB Liability / (Asset)	\$ (9,193,151)	\$ (2,890,311)	\$ 5,145,385

Metropolitan Transportation Commission
Financial Statements for the year ended June 30, 2020
Notes to Financial Statements

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

For the year ended June 30, 2020, the MTC recognized OPEB expenses of \$3,316,060. The OPEB expenses are allocated to its blended and discretely presented component units as follows:

	Governmental Activities	Business-Type Activities				BAHA	BAIFA	Total
		Bay Area Toll Authority	MTC SAFE	MTC Clipper				
OPEB expense for fiscal year 2020	\$ 2,632,124	\$ 467,901	\$ 32,723	\$ 123,667	\$ (20,760)	\$ 80,405	\$ 3,316,060	

At June 30, 2020, MTC reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources							
	Governmental Activities	Business-Type Activities				BAHA	BAIFA	Total
		Bay Area Toll Authority	MTC SAFE	MTC Clipper				
Difference between expected and actual experience	\$ 1,808,566	\$ 513,898	\$ 38,408	\$ 124,483	\$ 23,155	\$ 32,885	\$ 2,541,395	
Net difference between projected and actual earnings on pension plan investments	443,642	126,059	9,422	30,534	5,678	8,067	623,402	
Employer contributions for fiscal year 2020	3,385,286	961,919	71,893	233,007	43,342	61,553	4,757,000	
Total	<u>\$ 5,637,494</u>	<u>\$ 1,601,876</u>	<u>\$ 119,723</u>	<u>\$ 388,024</u>	<u>\$ 72,175</u>	<u>\$ 102,505</u>	<u>\$ 7,921,797</u>	

	Deferred Inflows of Resources							
	Governmental Activities	Business-Type Activities				BAHA	BAIFA	Total
		Bay Area Toll Authority	MTC SAFE	MTC Clipper				
Changes in assumptions	\$ 1,895,082	\$ 538,482	\$ 40,246	\$ 130,437	\$ 24,262	\$ 34,457	\$ 2,662,966	
Total	<u>\$ 1,895,082</u>	<u>\$ 538,482</u>	<u>\$ 40,246</u>	<u>\$ 130,437</u>	<u>\$ 24,262</u>	<u>\$ 34,457</u>	<u>\$ 2,662,966</u>	

The \$4,757,000 contribution made in the preceding table is reported as deferred outflows of resources related to employer contributions subsequent to the measurement date and will be recognized as an increase to the net OPEB asset in the year ended June 30, 2021.

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Financial Statements for the year ended June 30, 2020
Notes to Financial Statements

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							Total
	Governmental Activities	Business-Type Activities				BAHA	BAIFA	
		Bay Area Toll Authority	MTC SAFE	MTC Clipper				
2021	\$ 243,259	\$ 69,121	\$ 5,166	\$ 16,743	\$ 3,114	\$ 4,423	\$ 341,826	
2022	243,257	69,121	5,166	16,743	3,114	4,423	341,824	
2023	61,540	17,486	1,307	4,236	788	1,117	86,474	
2024	(152,476)	(43,325)	(3,235)	(10,495)	(1,956)	(2,771)	(214,258)	
2025	(12,016)	(3,414)	(255)	(827)	(154)	(218)	(16,884)	
Thereafter	(26,438)	(7,514)	(565)	(1,820)	(335)	(479)	(37,151)	

10. Compensated Absences

The compensated absences liability which is included in the other noncurrent liabilities of the government-wide Statement of Net Position totals \$6,787,331. The general fund is typically used to liquidate this liability when it becomes due and payable. A summary of changes in compensated absences for the year June 30, 2020 is as follows:

	Beginning Balance July 1,	Change in proportion	Beginning Balance After Change in proportion	Additions	Reductions	Ending Balance June 30, 2020	Due Within One Year
Governmental Activities	\$ 4,253,617	\$ (73,065)	\$ 4,180,552	\$ 1,897,194	\$ (1,112,579)	\$ 4,965,167	\$ 2,250,377
Business-Type Activities	1,591,760	(57,542)	1,534,218	696,250	(408,304)	1,822,164	825,865
Total	\$ 5,845,377	\$ (130,607)	\$ 5,714,770	\$ 2,593,444	\$ (1,520,883)	\$ 6,787,331	\$ 3,076,242

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.

Metropolitan Transportation Commission

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Notes to Financial Statements

Regional Measure 3 (RM 3)

Pursuant to California Senate bill 565 signed into law in October 2017, MTC was authorized to place a new regional toll measure before the voters. The voters approved RM 3 in November 2017 by 54%. RM 3 authorized BATA to implement a toll increase of up to \$ 3.00 starting with \$1.00 in January 2019 and subsequent \$1.00 increases in January 2022 and 2025. Funds from RM3 are to be used for \$4.45 billion in traffic relief projects and a cap of 16% for specified transit operating support. Following approval by the voters, two lawsuits were filed contesting the validity of the state approval. In July 2019, the trial court affirmed the state action and dismissed the law suits. The court consolidated the cases for appeal purposes. In June 2020, the First Court District of Appeal dismissed the lawsuit. Subsequently, the plaintiff filed an appeal to the California Supreme Court. The BATA board has directed that the funds collected from the new RM 3 be maintained in escrow and as such will not be recorded as revenue in BATA until litigation in the matter is resolved.

BAIFA - Discretely Presented Component Unit

BAIFA entered into contracts with external parties to construct express lanes, provide traffic control in the construction area, and develop the toll collection system. As of June 30, 2020, there are approximately \$170,568,100 in future capital expenditure commitments.

BAHA - Discretely Presented Component Unit

BAHA has entered into contracts with multiple external parties to perform the building and tenant improvements construction and working space furnishing in the Bay Area Metro Center (BAMC). As of June 30, 2020, there are approximately \$1,627,000 in future capital expenditure commitments.

12. Risk Management

MTC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. MTC purchases commercial insurance through an insurance agent, who obtains the appropriate insurance coverage needed by MTC from insurance companies. To date, there have been no significant reductions in any of MTC's insurance coverage, and no settlement amounts have exceeded commercial insurance coverage for the past three years.

13. Related Party Transactions

MTC - Primary Government

On May 30, 2017 MTC and ABAG signed a Contract for Services agreement which states that the MTC Executive Director and the consolidated staff will perform all of the duties and programmatic work for ABAG and its Local Collaboration Programs, which are ABAG Finance Authority for Non-Profit Corporations 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.

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On November 14, 2018, MTC board approved an operational advance to ABAG in the amount not to exceed \$10 million to assist ABAG in its cash flows needs. The advance will be drawn by ABAG as needed. ABAG will be charged 1% fee on any drawn amounts. On October 23, 2019, the MTC Commission approved an extension of the ABAG Operational Advance for Liquidity and Cash Flow through December 2021, unless reauthorized in advance by MTC and ABAG. MTC authorized up to \$2 million of the operational advance for longer term project loans, and authorized up to \$1 million of the longer term project loans for the ABAG Bay Area Regional Energy Network (BayREN) Water Bill Savings Program. ABAG did not utilize the operational advance during fiscal year 2020.

BAHA - Discretely Presented Component Unit

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

BAHA contracted Cushman and Wakefield of California, Inc. (C&W) to provide day-to-day property management services on behalf of the three condominium unit owners. For the fiscal year 2020, BAHA assessed \$3,455,272 from the three condominium owners for the common area operations and refunded \$204,329 to condominium owners. As of June 30, 2020, BAHA has \$151,957 receivables from 375 Beale Condo.

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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, 2020

Schedule I

	Original Budget ⁽¹⁾	Final Budget ⁽¹⁾	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Sales tax	\$ 14,616,697	\$ 11,400,000	\$ 14,076,093	\$ 2,676,093
Grants - Federal	172,010,953	178,219,898	53,899,280	(124,320,618)
Grants - State	19,780,232	22,056,799	6,861,058	(15,195,741)
Local agencies revenues and refunds	7,477,238	7,840,238	9,380,648	1,540,410
Investment income - unrestricted	115,000	115,000	537,383	422,383
TOTAL REVENUES	214,000,120	219,631,935	84,754,462	(134,877,473)
EXPENDITURES				
General government	227,445,058	237,662,543	85,238,531	152,424,012
Allocations to other agencies	44,461,361	44,461,361	24,785,811	19,675,550
Capital outlay	570,323	570,323	12,013	558,310
TOTAL EXPENDITURES	272,476,742	282,694,227	110,036,355	172,657,872
REVENUES OVER (UNDER) EXPENDITURES	(58,476,622)	(63,062,292)	(25,281,893)	37,780,399
OTHER FINANCING SOURCES (USES)				
Transfers in	54,873,600	54,319,249	30,184,716	(24,134,533)
NET CHANGE IN FUND BALANCES	(3,603,022)	(8,743,043)	4,902,823	13,645,866
Fund balances - beginning	46,028,527	46,028,527	46,028,527	-
Fund balances - ending	\$ 42,425,505	\$ 37,285,484	\$ 50,931,350	\$ 13,645,866

⁽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, 2020

Schedule II

	Original Budget ⁽¹⁾	Final Budget ⁽¹⁾	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Investment income - unrestricted	\$ -	\$ -	\$ 2,787,509	\$ 2,787,509
TOTAL REVENUES	-	-	2,787,509	2,787,509
EXPENDITURES				
General government	-	-	11,735	(11,735)
Allocations to other agencies	87,945,093	90,245,093	1,355,519	88,889,574
TOTAL EXPENDITURES	87,945,093	90,245,093	1,367,254	88,877,839
REVENUES UNDER EXPENDITURES	(87,945,093)	(90,245,093)	1,420,255	91,665,348
OTHER FINANCING SOURCES				
Transfers in	79,726,785	79,726,785	7,925,106	(71,801,679)
TOTAL OTHER FINANCING SOURCES	79,726,785	79,726,785	7,925,106	(71,801,679)
NET CHANGE IN FUND BALANCES				
Fund balances - beginning	(7,378,737)	(7,378,737)	(7,378,737)	-
Fund balances - ending	\$ (15,597,045)	\$ (17,897,045)	\$ 1,966,624	\$ 19,863,669

⁽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, 2020

Schedule III

	Original Budget ⁽¹⁾	Final Budget ⁽¹⁾	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Grants - State	\$ 323,585,392	\$ 293,384,512	\$284,180,894	\$ (9,203,618)
Local agencies revenues and refunds	-	-	33,876	33,876
Investment income - unrestricted	-	-	1,780,888	1,780,888
TOTAL REVENUES	323,585,392	293,384,512	285,995,658	(7,388,854)
EXPENDITURES				
Allocations to other agencies	407,959,159	377,758,279	260,370,148	117,388,131
TOTAL EXPENDITURES	407,959,159	377,758,279	260,370,148	117,388,131
REVENUES OVER (UNDER) EXPENDITURES	(84,373,767)	(84,373,767)	25,625,510	109,999,277
OTHER FINANCING SOURCES (USES)				
Transfers in	84,373,767	84,373,767	-	(84,373,767)
Transfers out	-	-	(11,470,222)	(11,470,222)
TOTAL OTHER FINANCING SOURCES (USES)	84,373,767	84,373,767	(11,470,222)	(95,843,989)
NET CHANGE IN FUND BALANCES	-	-	14,155,288	14,155,288
Fund balances - beginning	84,663,683	84,663,683	84,663,683	-
Fund balances - ending	<u>\$ 84,663,683</u>	<u>\$ 84,663,683</u>	<u>\$ 98,818,971</u>	<u>\$ 14,155,288</u>

⁽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, 2020

Schedule IV

	Original Budget ⁽¹⁾	Final Budget ⁽¹⁾	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Investment income - unrestricted	\$ -	\$ -	\$ 592,188	\$ 592,188
TOTAL REVENUES	-	-	592,188	592,188
EXPENDITURES				
General government	-	-	4,768	(4,768)
Allocations to other agencies	6,434,730	6,434,730	3,364,133	3,070,597
TOTAL EXPENDITURES	6,434,730	6,434,730	3,368,901	3,065,829
REVENUES UNDER EXPENDITURES	(6,434,730)	(6,434,730)	(2,776,713)	3,658,017
OTHER FINANCING SOURCES				
Transfers in	6,434,730	6,434,730	6,434,730	-
NET CHANGE IN FUND BALANCES	-	-	3,658,017	3,658,017
Fund balances - beginning	(92,418,161)	(92,418,161)	(92,418,161)	-
Fund balances - ending	<u>\$ (92,418,161)</u>	<u>\$ (92,418,161)</u>	<u>\$ (88,760,144)</u>	<u>\$ 3,658,017</u>

⁽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, 2020

Schedule V

	Original Budget ⁽¹⁾	Final Budget ⁽¹⁾	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Investment income - restricted	\$ -	\$ -	\$ 6,231,005	\$ 6,231,005
TOTAL REVENUES	-	-	6,231,005	6,231,005
EXPENDITURES				
General government	-	-	4,770	(4,770)
Allocations to other agencies	-	238,100,000	-	238,100,000
TOTAL EXPENDITURES	-	238,100,000	4,770	238,095,230
NET CHANGE IN FUND BALANCES	-	(238,100,000)	6,226,235	244,326,235
Fund balances - beginning	395,250,450	395,250,450	395,250,450	-
Fund balances - ending	\$ 395,250,450	\$ 157,150,450	\$ 401,476,685	\$ 244,326,235

⁽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

	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service cost	\$ 6,332,691	\$ 6,156,743	\$ 4,923,634	\$ 3,969,969	\$ 3,699,768	\$ 3,710,617
Interest	12,111,258	10,871,494	10,572,028	10,131,302	9,499,032	8,852,738
Changes of assumptions	-	(5,335,069)	9,136,825	-	(2,410,626)	-
Difference between expected and actual experience	6,335,416	(1,053,719)	(3,383,252)	(352,537)	515,758	-
Benefit payments and refunds of contribution	(6,188,088)	(6,036,425)	(5,033,718)	(4,779,280)	(4,653,536)	(4,404,877)
Net change in total pension liability	18,591,277	4,603,024	16,215,517	8,969,454	6,650,396	8,158,478
Total pension liability - beginning	162,980,509	158,377,485	142,161,968	133,192,514	126,542,118	118,383,640
Total pension liability - ending	\$ 181,571,786	\$ 162,980,509	\$ 158,377,485	\$ 142,161,968	\$ 133,192,514	\$ 126,542,118
Plan Fiduciary Net Position						
Contributions - employer	\$ 6,066,267	\$ 5,457,108	\$ 5,196,976	\$ 4,128,694	\$ 3,819,020	\$ 3,313,040
Contributions - member	2,619,718	2,537,731	2,124,545	1,848,104	1,755,442	2,310,147
Net plan to plan resource movement	1,376,963	(309)	-	-	-	-
Net investment income	9,132,264	10,586,685	12,110,384	535,476	2,304,601	15,270,089
Benefit payments and refunds of contributions	(6,188,088)	(6,036,425)	(5,033,718)	(4,779,280)	(4,653,536)	(4,404,877)
Administrative expenses	(95,412)	(189,652)	(158,667)	(64,478)	(119,062)	-
Other miscellaneous income/(expense) ²	309	(360,152)	-	-	-	-
Net change in plan fiduciary net position	12,912,021	11,994,986	14,239,520	1,668,516	3,106,465	16,488,399
Plan Fiduciary Net Position - beginning	133,701,181	121,706,195	107,466,675	105,798,159	102,691,694	86,203,295
Plan Fiduciary Net Position - ending	\$ 146,613,202	\$ 133,701,181	\$ 121,706,195	\$ 107,466,675	\$ 105,798,159	\$ 102,691,694
Net Pension Liability - ending	\$ 34,958,584	\$ 29,279,328	\$ 36,671,290	\$ 34,695,293	\$ 27,394,355	\$ 23,850,424
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.75%	82.04%	76.85%	75.59%	79.43%	81.15%
Covered Payroll¹	34,846,017	33,455,049	27,722,133	23,713,316	22,111,218	20,191,937
Plan Net Pension Liability as a Percentage of Covered Payroll¹	100.32%	87.52%	132.28%	146.31 %	123.89 %	118.12 %

¹ Fiscal year 2015 covered-employee payroll has been revised to covered payroll in accordance with the implementation guidance in GASB Statement 82, *Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73*. The covered payroll includes one year's payroll growth using 2.75 percent payroll growth assumption for fiscal years ended June 30, 2018-19 and 3.00 percent payroll growth assumption for fiscal years ended June 30, 2014-17.

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

* Only six years' data is available.

Metropolitan Transportation Commission

Schedule of Changes in the Net Pension Liability (unaudited), *Continued*

For the Measurement Periods Ended June 30

Last Ten Years*

Schedule VI

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

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2018 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

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

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

Schedule VII

Fiscal Year	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 6,981,257	\$ 6,066,260	\$ 5,457,084	\$ 5,198,407	\$ 4,128,694	\$ 3,819,020	\$ 3,311,675	\$ 3,103,791	\$ 2,892,933	\$ 2,281,381
Contributions in relation to the actuarially determined contribution	(23,202,600)	(6,066,260)	(5,457,084)	(5,198,407)	(4,128,694)	(3,819,020)	(3,311,675)	(3,103,791)	(2,892,933)	(2,281,381)
Contribution deficiency (excess)	\$ (16,221,343) ⁽¹⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll ⁽²⁾	\$ 36,306,211	\$ 34,846,017	\$ 33,455,049	\$ 27,722,133	\$ 23,713,316	\$ 22,111,218	\$ 20,191,937	\$ 18,966,022	\$ 17,799,482	\$ 17,417,779
Actual contributions as a percentage of covered payroll	63.91%	17.41%	16.31%	18.75%	17.41%	17.27%	16.40%	16.36%	16.25%	13.10%

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

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

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year 2018-19 were derived from the June 30, 2016 funding valuation report.

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method / Period	For details, see June 30, 2016 Funding Valuation Report.
Asset Valuation Method	Fair Value of Assets. For details, see June 30, 2016 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.375% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period 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 / (Asset) and Related Ratios (unaudited)
For the Measurement Periods Ended June 30
Last Ten Years

Schedule VIII

	2019*	2018*	2017*
Total OPEB liability			
Service Cost	\$ 2,725,415	\$ 2,608,053	\$ 2,495,744
Interest on the total OPEB liability	1,867,508	1,718,583	1,574,575
Difference between actual and expected experience	2,894,367	-	-
Changes of assumptions	(3,032,822)	-	-
Benefit payments	(1,242,130)	(1,026,974)	(937,878)
Administrative expense	-	-	-
Net change in total OPEB liability	3,212,338	3,299,662	3,132,441
Total OPEB liability - beginning	39,395,831	36,096,169	32,963,728
Total OPEB liability - ending (a)	\$ 42,608,169	\$ 39,395,831	\$ 36,096,169
OPEB Fiduciary Net Position			
Benefit payments	\$ (1,242,130)	\$ (1,026,974)	\$ (937,878)
Contribution from employer	12,231,193	4,196,184	3,961,391
Net investment income	2,668,391	(151,961)	(70,798)
Administrative expense	(62,824)	(57,409)	(52,142)
Net change in plan fiduciary net position	13,594,630	2,959,840	2,900,573
Plan fiduciary net position - beginning	31,903,850	28,944,010	26,043,437
Plan fiduciary net position - ending (b)	\$ 45,498,480	\$ 31,903,850	\$ 28,944,010
Plan net OPEB liability / (asset) - ending (a) - (b)	\$ (2,890,311)	\$ 7,491,981	\$ 7,152,159
Plan fiduciary net position as a percentage of the total OPEB liability / (asset)	106.80%	80.98%	80.19%
Covered-employee payroll	\$ 36,884,523	\$ 34,954,872	\$ 28,784,959
Plan net OPEB liability / (asset) of as a percentage of covered-employee payroll	(7.84%)	21.43%	24.85%

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

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

Schedule VIII

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

Benefits Changes: None in 2019.

Changes of Assumptions: In 2019, the demographic assumptions were updated to CalPERS 1997-2015 Experience Study. There were no changes in the discount rate. However, the inflation rate increases from 2.50 percent to 2.75 percent.

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

Schedule IX

	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>
Actuarially determined contribution	\$ 2,988,000	\$ 3,295,593 ⁽¹⁾	\$ 3,152,650 ⁽¹⁾
Contributions in relation to the actuarially determined contribution	<u>(4,757,000)</u>	<u>(11,295,593)</u>	<u>(3,152,650)</u>
Contribution deficiency (excess)	<u>\$ (1,769,000) ⁽²⁾</u>	<u>\$ (8,000,000) ⁽²⁾</u>	<u>\$ -</u>
Covered-employee payroll	\$ 36,306,211	\$ 36,884,523	\$ 34,954,872
Contribution as a percentage of covered-employee payroll ⁽²⁾	13.10%	30.62%	9.02%

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

⁽²⁾ Additional payment above the Actuarially Determined Contribution to paydown the Unfunded OPEB Liability.

Notes to Schedule:

Actuarially determined contribution rates are calculated as of July 1, 2019, 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 pay
Amortization period	20 years fixed period for 2019/20
Asset valuation method	Investment gains and losses spread over a period of five years
Inflation	2.75 percent
Healthcare cost trend rates	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076
	Medicare - 6.30% for 2021, decreasing to an ultimate rate of 4.0% in 2076
Investment rate of return	4.50 percent
Mortality	CalPERS 1997-2015 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019

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

OTHER SUPPLEMENTARY INFORMATION

Metropolitan Transportation Commission
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2020

Schedule 1

	Transit Reserves	Exchange	Prop 1B Fund	Total Non-Major Governmental Funds
ASSETS				
Cash - unrestricted	\$ 42,784,035	\$ 28,929,007	\$ 85,198	\$ 71,798,240
Investment - unrestricted	12,327,511	-	-	12,327,511
Receivables				
Interest	19,087	-	-	19,087
TOTAL ASSETS	<u>\$ 55,130,633</u>	<u>\$ 28,929,007</u>	<u>\$ 85,198</u>	<u>\$ 84,144,838</u>
LIABILITIES				
Accounts payable and accrued expenditures	\$ 488,569	\$ -	\$ -	\$ 488,569
Due to other funds	239,906	3,184,968	-	3,424,874
TOTAL LIABILITIES	<u>728,475</u>	<u>3,184,968</u>	<u>-</u>	<u>3,913,443</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenues	36,220,604	-	-	36,220,604
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>36,220,604</u>	<u>-</u>	<u>-</u>	<u>36,220,604</u>
FUND BALANCES				
Restricted for:				
Transportation projects	18,181,554	-	85,198	18,266,752
Committed to:				
Transportation projects	-	25,744,039	-	25,744,039
TOTAL FUND BALANCES	<u>18,181,554</u>	<u>25,744,039</u>	<u>85,198</u>	<u>44,010,791</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 55,130,633</u>	<u>\$ 28,929,007</u>	<u>\$ 85,198</u>	<u>\$ 84,144,838</u>

Metropolitan Transportation Commission
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Non-Major Governmental Funds
For the Year Ended June 30, 2020

Schedule 2

	Transit Reserves	Exchange	Prop 1B Fund	Total Non-Major Governmental Funds
REVENUES				
Grants - State	\$ 3,341,268	\$ -	\$ -	\$ 3,341,268
Local agencies revenues and refunds	-	4,000,000	-	4,000,000
Investment income - unrestricted	876,540	490,954	1,233	1,368,727
TOTAL REVENUES	4,217,808	4,490,954	1,233	8,709,995
Expenditures				
Current:				
General government	-	306,099	-	306,099
Allocations to other agencies	2,181,976	-	-	2,181,976
TOTAL EXPENDITURES	2,181,976	306,099	-	2,488,075
EXCESS/(DEFICIENCY) OF REVENUES OVER/ (UNDER) EXPENDITURES	2,035,832	4,184,855	1,233	6,221,920
OTHER FINANCING SOURCES (USES)				
Transfers in	1,868,125	-	-	1,868,125
Transfers out	(795,087)	(10,228,898)	-	(11,023,985)
TOTAL OTHER FINANCING SOURCES	1,073,038	(10,228,898)	-	(9,155,860)
NET CHANGE IN FUND BALANCES	3,108,870	(6,044,043)	1,233	(2,933,940)
Fund balances - beginning	15,072,684	31,788,082	83,965	46,944,731
Fund balances - ending	<u>\$ 18,181,554</u>	<u>\$ 25,744,039</u>	<u>\$ 85,198</u>	<u>\$ 44,010,791</u>

Metropolitan Transportation Commission

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

For the Year Ended June 30, 2020

Schedule 3

	Original Budget ⁽¹⁾	Final Budget ⁽¹⁾	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Grants - State	\$ 3,614,688	\$ 3,614,688	\$ 3,341,268	\$ (273,420)
Investment income - unrestricted	-	-	876,540	876,540
TOTAL REVENUES	3,614,688	3,614,688	4,217,808	603,120
EXPENDITURES				
Allocations to other agencies	24,516,703	24,516,703	2,181,976	22,334,727
TOTAL EXPENDITURES	24,516,703	24,516,703	2,181,976	22,334,727
REVENUES OVER (UNDER) EXPENDITURES	(20,902,015)	(20,902,015)	2,035,832	22,937,847
OTHER FINANCING SOURCES (USES)				
Transfers in	20,902,015	20,902,015	1,868,125	(19,033,890)
Transfers out	-	-	(795,087)	(795,087)
TOTAL OTHER FINANCING SOURCES	20,902,015	20,902,015	1,073,038	(19,828,977)
NET CHANGE IN FUND BALANCES	-	-	3,108,870	3,108,870
Fund balances - beginning	15,072,684	15,072,684	15,072,684	-
Fund balances - ending	<u>\$ 15,072,684</u>	<u>\$ 15,072,684</u>	<u>\$ 18,181,554</u>	<u>\$ 3,108,870</u>

⁽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, 2020

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	-	-	490,954	490,954
TOTAL REVENUES	4,000,000	4,000,000	4,490,954	490,954
EXPENDITURES				
General government	-	-	306,099	(306,099)
TOTAL EXPENDITURES	-	-	306,099	(306,099)
REVENUES OVER EXPENDITURES	4,000,000	4,000,000	4,184,855	184,855
OTHER FINANCING USES				
Transfers out	-	-	(10,228,898)	(10,228,898)
TOTAL OTHER FINANCING USES	-	-	(10,228,898)	(10,228,898)
NET CHANGE IN FUND BALANCES	4,000,000	4,000,000	(6,044,043)	(10,044,043)
Fund balances - beginning	31,788,082	31,788,082	31,788,082	-
Fund balances - ending	<u>\$ 35,788,082</u>	<u>\$ 35,788,082</u>	<u>\$ 25,744,039</u>	<u>\$ (10,044,043)</u>

⁽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, 2020

Schedule 5

	Original Budget ⁽¹⁾	Final Budget ⁽¹⁾	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Investment income - unrestricted	\$ -	\$ -	\$ 1,233	\$ 1,233
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>1,233</u>	<u>1,233</u>
EXPENDITURES				
General government	83,965	83,965	-	83,965
TOTAL EXPENDITURES	<u>83,965</u>	<u>83,965</u>	<u>-</u>	<u>83,965</u>
NET CHANGE IN FUND BALANCES	(83,965)	(83,965)	1,233	85,198
Fund balances - beginning	83,965	83,965	83,965	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,198</u>	<u>\$ 85,198</u>

⁽¹⁾ Budget prepared in accordance with GAAP.

Metropolitan Transportation Commission
Schedule of Expenditures by Natural Classification
For the Year Ended June 30, 2020

Schedule 6

Expenditures by natural classification	
Salaries & benefits	\$ 46,732,172
Travel	109,393
Professional fees	33,788,407
Overhead	3,754,927
Printing & reproduction	45,960
Other	<u>807,672</u>
Reported as general government expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds ⁽¹⁾	<u>\$ 85,238,531</u>
Salaries & benefits - MTC Governmental	\$ 46,732,172
Salaries & benefits - MTC Clipper [®]	2,604,708
Salaries & benefits - BATA	11,343,880
Salaries & benefits - SAFE	853,392
Salaries & benefits - BAHA	347,470
Salaries & benefits - BAIFA	<u>2,147,678</u>
Total salaries & benefits	<u>\$ 64,029,300</u>
Indirect Cost - MTC Governmental	\$ 3,754,927
Indirect Cost - MTC Clipper [®]	1,475,828
Indirect Cost - SAFE	483,532
Indirect Cost - BAHA	196,876
Indirect Cost - BAIFA	<u>1,216,874</u>
Total Indirect Cost	<u>\$ 7,128,037</u>
⁽¹⁾ General government expenditures - by Fund	
General Fund	<u>\$ 85,238,531</u>
Total general government expenditures	<u>\$ 85,238,531</u>

Metropolitan Transportation Commission
Schedule of Overhead, Salaries and Benefits Expenditures -
Governmental Funds
For the Year Ended June 30, 2020

Schedule 7

	Direct Costs*	Allowable Indirect Costs	Unallowable Costs	Total
Salaries	\$ 23,556,399	\$ 9,058,314	\$ 8,711	\$ 32,623,424
Benefits	18,363,588	6,805,848	6,236,440	31,405,876
Total salaries and benefits	<u>\$ 41,919,987</u>	<u>\$ 15,864,162</u>	<u>\$ 6,245,151</u>	<u>\$ 64,029,300</u>
Reimbursable overhead:**				
Agency temps		\$ 341,703	\$ -	\$ 341,703
Training		157,080	40,698	197,778
Personnel recruitment		109,585	-	109,585
Public hearing		2,646	-	2,646
Advertising		52,300	-	52,300
Communications		85,520	878	86,398
Utilities		5,914	-	5,914
Meeting room rental		15,578	2,275	17,853
Parking		16,222	-	16,222
Storage rental		30,831	-	30,831
Computer maintenance & repair		58,217	-	58,217
Auto expense		38,309	-	38,309
General maintenance & janitorial		15,078	-	15,078
Office supplies & Furniture / Fixture		103,967	354	104,321
Printing & graphics supplies		2,998	-	2,998
Computer supplies		45,447	-	45,447
Computer software		2,037,592	-	2,037,592
Computer hardware		202,496	-	202,496
Postage & mailing		21,376	14	21,390
Memberships		85,923	55,200	141,123
Library acquisitions & subscriptions		64,934	-	64,934
Law library		32,191	-	32,191
Hosted services		839,939	-	839,939
Advisory member stipend		18,450	67,700	86,150
Audit fees		371,785	-	371,785
Newswire service		17,338	-	17,338
Insurance		287,862	-	287,862
Other		76,379	112,447	188,826
Miscellaneous		-	17,508	17,508
Travel		22,666	210,440	233,106
Professional fees		709,145	-	709,145
Building maintenance		751,689	-	751,689
Subtotal indirect costs		6,621,160	507,514	7,128,674
Carry forward provision for fiscal year ended June 30, 2018		957,674	-	957,674
Depreciation expense		173,697	4,929	178,626
Total indirect costs including depreciation expense		<u>\$ 7,752,531</u>	<u>\$ 512,443</u>	<u>\$ 8,264,974</u>
Indirect costs recovered***		<u>\$ 23,751,865</u>		
Indirect (over)/under absorbed		<u>\$ (135,172)</u>		

*Direct costs include MTC, BATA, SAFE, BAHA, and BAIFA salaries and benefits per Indirect Cost Plan for fiscal year 2020.

** Overhead distributed to MTC, BATA, SAFE, BAHA, and BAIFA per Indirect Cost Plan for fiscal year 2020.

*** Indirect costs recovered at 56.66% per Indirect Cost Plan for fiscal year 2020.

Metropolitan Transportation Commission
Schedule of Expenditures - Federal Highway Administration Grant
FY2020 OWPMTC
For the Year Ended June 30, 2020

Schedule 8

	Total
Authorized Expenditures	
Federal	<u>\$ 8,107,020</u>
Total authorized expenditures	<u>8,107,020</u>
Actual Expenditures *	
<i>Program No. Program Name</i>	
MTC	
1112 Public Information Program	2,999,405
1113 Support Partnership Board	250,000
1114 Support Advisory Committees	1,000
1121 Develop/Produce the 2001 RTP	886,054
1122 Dev/Anlyz Travel Models & Data	1,638,598
1125 Non-Motorized Transportation	212,886
1127 Active Transportation Planning	20,000
1129 Reg Research & Econ Analysis	1,045,838
1156 Library Services	120,000
1212 Dev MTS Performance Measures	5,000
1412 Air Quality Conformity	50,000
1511 Conduct Fin Analy of RTP/Plng	150,000
1512 Implement Federal Transp Legislatn	676,338
1615 Connecting Housing & Transportation	<u>50,000</u>
Total Expenditures	<u>8,105,119</u>
Balance of Federal Highway Administration Grant	<u><u>\$ 1,901</u></u>

*Toll credit match rate (11.47%)

Metropolitan Transportation Commission
Toll Bridge Rate Schedule
For the Year Ended June 30, 2020

Schedule 9

Toll Rate for fiscal Year Ending June 30, 2020:

Number of Axles Per Vehicle	2020	
2 axles	\$ 6.00	(1) (2)
3 axles	16.00	
4 axles	21.00	
5 axles	26.00	
6 axles	31.00	
7 axles or more	36.00	

(1) During peak hours on all bridges, a reduced-rate toll of \$3.00 is collected on high-occupancy and inherently-low-emission two-axle vehicles. On the San Francisco-Oakland Bay Bridge, a weekday toll of \$7.00 is collected on all other two-axle vehicles during peak hours, and a weekday toll of \$5.00 is collected on all two-axle vehicles during non-peak hours.

(2) Weekday congestion pricing on the San Francisco-Oakland Bay Bridge is suspended indefinitely during the COVID-19 coronavirus pandemic starting from April 23, 2020. Weekday toll is \$6 on the San Francisco-Oakland Bay Bridge. The current \$6 toll rate on Saturdays and Sundays will remain unchanged, as well the \$3 toll rate for three-person carpools and qualifying clean-air vehicles.

Metropolitan Transportation Commission
Schedule of BATA Debt Service Coverage Ratios
For the Year Ended June 30, 2020

Schedule 10

	2020
Revenues	
Toll revenues collected	\$ 633,932,206
Investment income	38,281,463
Other operating revenues	<u>29,840,801</u>
Revenues subtotal	702,054,470
Build America Bonds (BABs) interest subsidy	71,885,581
Derivative investment income (charge)	<u>(201,597,075)</u>
Total revenues	<u>572,342,976</u>
Operating expenses	
Operating expenses incurred by Caltrans	26,633,349
Services and charges - BATA	67,793,177
Transbay Terminal JPA operations	<u>5,201,958</u>
Total operating expenses before depreciation and amortization	99,628,484
Depreciation and amortization	<u>2,910,229</u>
Total operating expenses	<u>102,538,713</u>
Net operating income	469,804,263
Nonoperating expenses (revenues)	
Interest expense	455,188,820
Financing fees and bond issuance costs	16,172,468
Other nonoperating expenses	135,706
Caltrans/other agency operating grants	(8,597,705)
Other nonoperating revenues	(4,434,130)
Refund of contribution from BAHA	<u>(2,000,000)</u>
Total nonoperating expenses	<u>456,465,159</u>
Income before operating transfers	13,339,104
Operating transfers	
MTC / CLIPPER administrative & operating transfers	19,858,116
MTC transit transfers:	
AB 664 expenses	7,925,106
90% rail expenses	6,434,730
2% transit expenses	1,868,125
Allocations to other agencies (RM2)	<u>43,884,737</u>
Total operating transfers	<u>79,970,814</u>
Net loss before capital transfers	<u>(66,631,710)</u>
Capital project expenses (revenues)	
Capital expenses	16,528,118
Distribution to Caltrans for their capital purposes	55,254,009
Distributions to other agencies for their capital purposes	79,388,265
Distributions to MTC/ Clipper	12,276,125
Capital contribution to BAIFA	<u>230,329,148</u>
Total capital project expenses	<u>393,775,665</u>
Change in net position	(460,407,375)
Total net position - beginning	<u>(6,853,253,527)</u>
Total net position - ending	<u>\$ (7,313,660,902)</u>

Metropolitan Transportation Commission
Schedule of BATA Debt Service Coverage Ratios* *continued*
For the Year Ended June 30, 2020

Schedule 10

	2020
Fixed Charge	
Net revenue ¹	\$ 675,421,121
Debt service ^{4,9} , plus operating transfer and costs ^{3,6}	601,179,647
Sum sufficient ratio	1.12
Minimum threshold	1.00
Fixed Charge, plus Operations & Maintenance	
Net revenue ¹ , plus operations & maintenance reserve	\$ 855,421,121
Senior debt service ^{2,9} , plus operating transfer ³	359,423,182
Sum sufficient, plus operations & maintenance reserve ratio	2.38
Minimum threshold	1.25
Net Revenue / Senior Debt Service	
Net revenue ¹	\$ 675,421,121
Senior debt service ^{2,9}	290,478,371
Debt service ratio	2.33
Minimum threshold	1.20
Available Revenue / Debt Service	
Available revenue ⁵	\$ 616,225,649
Debt service ^{4,9,10}	501,215,220
Debt service ratio	1.23
Minimum threshold	1.20
Reserve Designations⁷	
Self insurance reserve - Caltrans Cooperative Agreement	\$ 50,000,000
Operations & maintenance reserve ⁸	180,000,000
Rehabilitation reserve	210,000,000
Project/self insurance reserve & variable rate risk reserve	560,000,000

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

¹ Revenues less Caltrans operating expenses and Maintenance B.

² Senior debt service expense less BABs interest subsidy on senior bonds plus principal retirement of \$88,440,000.

³ Operating transfer and costs include RM 2 operating costs less amortization of Transit Transfer to MTC (Transit Transfer obligation for the next 41 years was fulfilled in early September 2010).

⁴ Total Senior and Subordinate debt service expense less BABs interest subsidy plus principal retirement of \$157,065,000.

⁵ Revenues less Caltrans and BATA operating expenses, includes Maintenance B.

⁶ Debt related obligations and Maintenance A.

⁷ Designated reserves through BATA resolution.

⁸ Minimum required operations & maintenance reserve is \$59 million but is currently maintained at \$180 million.

⁹ Excludes one-time prepayment of FY 20/21 principal payments and related interest and expenses using BATA operating reserve funds.

Total Senior principal and related interest and expenses is \$88,319,125; and total Subordinate principal and related interest and expenses is \$71,873,894.

¹⁰ Excludes optional redemption of Subordinate Bonds, 2014 Series S5 of \$25,000,000 on 10/1/19.

Metropolitan Transportation Commission

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

For the Year Ended June 30, 2020

Schedule 11

	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	\$ 112,430,483	\$ 102,676,385	\$ 16,157,895	\$ 69,162,685	\$ 197,549,108	\$ 85,976,170	\$ 49,979,480	\$ 633,932,206 *
Other operating revenues	5,014,103	5,253,750	686,288	3,397,494	9,601,438	3,741,397	2,146,331	29,840,801
Total operating revenues	<u>117,444,586</u>	<u>107,930,135</u>	<u>16,844,183</u>	<u>72,560,179</u>	<u>207,150,546</u>	<u>89,717,567</u>	<u>52,125,811</u>	<u>663,773,007</u>
Operating expenses								
Operating expenditures-by Caltrans & Transbay JPA	4,596,795	4,172,581	1,699,247	2,774,684	12,102,361	3,612,701	2,876,938	31,835,307
Services and charges	14,954,728	13,657,306	2,149,212	9,199,544	26,276,622	11,435,958	6,647,926	84,321,296
Allocations to other agencies	7,783,138	7,107,899	1,118,550	4,787,872	13,675,581	5,951,806	3,459,891	43,884,737
Depreciation	516,141	471,362	74,177	317,509	906,900	394,696	229,444	2,910,229
Total operating expenses	<u>27,850,802</u>	<u>25,409,148</u>	<u>5,041,186</u>	<u>17,079,609</u>	<u>52,961,464</u>	<u>21,395,161</u>	<u>13,214,199</u>	<u>162,951,569</u>
Operating income	<u>\$ 89,593,784</u>	<u>\$ 82,520,987</u>	<u>\$ 11,802,997</u>	<u>\$ 55,480,570</u>	<u>\$ 154,189,082</u>	<u>\$ 68,322,406</u>	<u>\$ 38,911,612</u>	<u>\$ 500,821,438</u>
*Toll revenues by Program								
Regional Measure 1 (RM 1)	\$ 25,233,310	\$ 22,252,238	\$ 3,682,139	\$ 14,945,284	\$ 43,179,796	\$ 18,827,215	\$ 10,614,909	\$ 138,734,891
Regional Measure 2 (RM 2)	18,758,968	17,976,235	2,590,126	12,228,921	36,604,302	15,006,750	9,064,417	112,229,719
Seismic Program	68,438,205	62,447,912	9,885,630	41,988,480	117,765,010	52,142,205	30,300,154	382,967,596
Total toll revenues	<u>\$ 112,430,483</u>	<u>\$ 102,676,385</u>	<u>\$ 16,157,895</u>	<u>\$ 69,162,685</u>	<u>\$ 197,549,108</u>	<u>\$ 85,976,170</u>	<u>\$ 49,979,480</u>	<u>\$ 633,932,206</u>

Metropolitan Transportation Commission
Combining Statement of Changes in Assets and Liabilities by Participant -
Agency Funds
For the Year Ended June 30, 2020

Schedule 12

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<u>County of Alameda</u>				
Assets				
Cash	\$ 28,016,170	\$ 84,849,356	\$ 88,976,959	\$ 23,888,567
Interest receivables	102,901	143,254	102,901	143,254
Total Assets	<u>\$ 28,119,071</u>	<u>\$ 84,992,610</u>	<u>\$ 89,079,860</u>	<u>\$ 24,031,821</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 2,287,568	\$ 84,857,721	\$ 85,515,027	\$ 1,630,262
Due to other governments	25,831,503	134,889	3,564,833	22,401,559
Total Liabilities	<u>\$ 28,119,071</u>	<u>\$ 84,992,610</u>	<u>\$ 89,079,860</u>	<u>\$ 24,031,821</u>
<u>County of Contra Costa</u>				
Assets				
Cash	\$ 23,908,962	\$ 48,609,917	\$ 43,757,840	\$ 28,761,039
Total Assets	<u>\$ 23,908,962</u>	<u>\$ 48,609,917</u>	<u>\$ 43,757,840</u>	<u>\$ 28,761,039</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 375,272	\$ 42,457,085	\$ 42,031,636	\$ 800,721
Due to other governments	23,533,690	6,152,832	1,726,204	27,960,318
Total Liabilities	<u>\$ 23,908,962</u>	<u>\$ 48,609,917</u>	<u>\$ 43,757,840</u>	<u>\$ 28,761,039</u>
<u>County of Marin</u>				
Assets				
Cash	\$ 1,469,750	\$ 13,312,182	\$ 14,090,676	\$ 691,256
Interest receivables	13,235	16,147	13,235	16,147
Total Assets	<u>\$ 1,482,985</u>	<u>\$ 13,328,329</u>	<u>\$ 14,103,911</u>	<u>\$ 707,403</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 187,012	\$ 13,721,390	\$ 13,519,743	\$ 388,659
Due to other governments	1,295,973	(393,061)	584,168	318,744
Total Liabilities	<u>\$ 1,482,985</u>	<u>\$ 13,328,329</u>	<u>\$ 14,103,911</u>	<u>\$ 707,403</u>
<u>County of Napa</u>				
Assets				
Cash	\$ 5,678,281	\$ 10,014,546	\$ 12,932,309	\$ 2,760,518
Total Assets	<u>\$ 5,678,281</u>	<u>\$ 10,014,546</u>	<u>\$ 12,932,309</u>	<u>\$ 2,760,518</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 228,387	\$ 12,415,801	\$ 12,554,745	\$ 89,443
Due to other governments	5,449,894	(2,401,255)	377,564	2,671,075
Total Liabilities	<u>\$ 5,678,281</u>	<u>\$ 10,014,546</u>	<u>\$ 12,932,309</u>	<u>\$ 2,760,518</u>

Metropolitan Transportation Commission
Combining Statement of Changes in Assets and Liabilities by Participant -
Agency Funds, *continued*
For the Year Ended June 30, 2020

Schedule 12

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<u>County of San Francisco</u>				
Assets				
Cash	\$ 5,673,518	\$ 51,448,696	\$ 51,590,282	\$ 5,531,932
Interest receivables	44,142	22,008	44,142	22,008
Total Assets	<u>\$ 5,717,660</u>	<u>\$ 51,470,704</u>	<u>\$ 51,634,424</u>	<u>\$ 5,553,940</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 581,985	\$ 50,365,635	\$ 47,229,035	\$ 3,718,585
Due to other governments	5,135,675	1,105,069	4,405,389	1,835,355
Total Liabilities	<u>\$ 5,717,660</u>	<u>\$ 51,470,704</u>	<u>\$ 51,634,424</u>	<u>\$ 5,553,940</u>
<u>County of San Mateo</u>				
Assets				
Cash	\$ 10,390,747	\$ 44,526,523	\$ 49,989,734	\$ 4,927,536
Interest receivables	140,078	100,100	140,078	100,100
Total Assets	<u>\$ 10,530,825</u>	<u>\$ 44,626,623</u>	<u>\$ 50,129,812</u>	<u>\$ 5,027,636</u>
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 48,660,334	\$ 48,207,747	\$ 452,587
Due to other governments	10,530,825	(4,033,711)	1,922,065	4,575,049
Total Liabilities	<u>\$ 10,530,825</u>	<u>\$ 44,626,623</u>	<u>\$ 50,129,812</u>	<u>\$ 5,027,636</u>
<u>County of Santa Clara</u>				
Assets				
Cash	\$ 16,255,403	\$ 115,937,360	\$ 124,564,532	\$ 7,628,231
Interest receivables	53,167	-	53,167	-
Total Assets	<u>\$ 16,308,570</u>	<u>\$ 115,937,360</u>	<u>\$ 124,617,699</u>	<u>\$ 7,628,231</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 8,323,928	\$ 112,839,017	\$ 119,917,438	\$ 1,245,507
Due to other governments	7,984,642	3,098,343	4,700,261	6,382,724
Total Liabilities	<u>\$ 16,308,570</u>	<u>\$ 115,937,360</u>	<u>\$ 124,617,699</u>	<u>\$ 7,628,231</u>
<u>County of Solano</u>				
Assets				
Cash	\$ 28,309,794	\$ 25,184,515	\$ 20,632,113	\$ 32,862,196
Total Assets	<u>\$ 28,309,794</u>	<u>\$ 25,184,515</u>	<u>\$ 20,632,113</u>	<u>\$ 32,862,196</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 2,105,435	\$ 18,365,041	\$ 19,740,020	\$ 730,456
Due to other governments	26,204,359	6,819,474	892,093	32,131,740
Total Liabilities	<u>\$ 28,309,794</u>	<u>\$ 25,184,515</u>	<u>\$ 20,632,113</u>	<u>\$ 32,862,196</u>

Metropolitan Transportation Commission
Combining Statement of Changes in Assets and Liabilities by Participant -
Agency Funds, *continued*
For the Year Ended June 30, 2020

Schedule 12

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<u>County of Sonoma</u>				
Assets				
Cash	\$ 12,345,179	\$ 25,202,528	\$ 25,809,801	\$ 11,737,906
Total Assets	<u>\$ 12,345,179</u>	<u>\$ 25,202,528</u>	<u>\$ 25,809,801</u>	<u>\$ 11,737,906</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 551,006	\$ 24,567,625	\$ 24,834,223	\$ 284,408
Due to other governments	11,794,173	634,903	975,578	11,453,498
Total Liabilities	<u>\$ 12,345,179</u>	<u>\$ 25,202,528</u>	<u>\$ 25,809,801</u>	<u>\$ 11,737,906</u>
<u>AB1107</u>				
Assets				
Cash	\$ -	\$ 88,971,096	\$ 82,702,833	\$ 6,268,263
Total Assets	<u>\$ -</u>	<u>\$ 88,971,096</u>	<u>\$ 82,702,833</u>	<u>\$ 6,268,263</u>
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 88,971,096	\$ 82,702,833	\$ 6,268,263
Total Liabilities	<u>\$ -</u>	<u>\$ 88,971,096</u>	<u>\$ 82,702,833</u>	<u>\$ 6,268,263</u>
<u>Clipper[®]</u>				
Assets				
Cash	\$ 123,038,568	\$ 356,511,395	\$ 325,556,739	\$ 153,993,224
Accounts receivable	6,860,472	923,328,091	926,313,163	3,875,400
Total Assets	<u>\$ 129,899,040</u>	<u>\$ 1,279,839,486</u>	<u>\$ 1,251,869,902</u>	<u>\$ 157,868,624</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 129,899,040	\$ 750,780,424	\$ 722,810,840	\$ 157,868,624
Total Liabilities	<u>\$ 129,899,040</u>	<u>\$ 750,780,424</u>	<u>\$ 722,810,840</u>	<u>\$ 157,868,624</u>
<u>Total - All Agency Funds</u>				
Assets				
Cash	\$ 255,086,372	\$ 864,568,114	\$ 840,603,818	\$ 279,050,668
Interest receivable	353,523	281,509	353,523	281,509
Accounts receivable	6,860,472	923,328,091	926,313,163	3,875,400
Total Assets	<u>\$ 262,300,367</u>	<u>\$ 1,788,177,714</u>	<u>\$ 1,767,270,504</u>	<u>\$ 283,207,577</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 144,539,633	\$ 1,248,001,169	\$ 1,219,063,287	\$ 173,477,515
Due to other governments	117,760,734	11,117,483	19,148,155	109,730,062
Total Liabilities	<u>\$ 262,300,367</u>	<u>\$ 1,259,118,652</u>	<u>\$ 1,238,211,442</u>	<u>\$ 283,207,577</u>

Metropolitan Transportation Commission
Schedule of Cash Collections and Disbursements - Agency Fund
Clipper® Program
For the Year Ended June 30, 2020

Schedule 13

Cash Collections

Autoload and remote add value	\$	198,133,788
Third party		154,202,925
Other receipts		<u>4,174,682</u>

Total Cash Collections 356,511,395

Cash Disbursements

Disbursements to operator		303,796,791
Patron refunds		10,962,329
Other disbursements		<u>10,797,619</u>

Total Cash Disbursements 325,556,739

Net Increase in Cash 30,954,656

Cash - beginning balance 123,038,568

Cash - ending balance \$ 153,993,224

Metropolitan Transportation Commission
Schedule of Interest Rate Swaps Summary-BATA Proprietary Fund
For the Year Ended June 30, 2020

Schedule 14

Counterparty	Series 2001	Series 2006	Series 2007	Total	Percentage by counterparty	Ratings (S&P/Moodys)
Citibank, N.A., New York	\$ -	\$ 115,000,000	\$ 260,000,000	\$ 375,000,000	26%	A+/Aa3
Wells Fargo Bank, N.A.	75,000,000	110,000,000	-	185,000,000	13%	A+/Aa2
JP Morgan Chase Bank, N.A.	-	245,000,000	-	245,000,000	17%	A+/Aa2
Bank of America, N.A.	-	155,000,000	50,000,000	205,000,000	14%	A+/Aa2
Goldman Sachs Mitsui Marine Derivative Products LP	-	60,000,000	85,000,000	145,000,000	10%	AA-/Aa2
The Bank of New York Mellon	-	-	210,000,000	210,000,000	15%	AA-/Aa2
Morgan Stanley Capital Services LLC	75,000,000	-	-	75,000,000	5%	A+/A1
Total swap notional	\$ 150,000,000	\$ 685,000,000	\$ 605,000,000	\$ 1,440,000,000		
Fair value	\$ (57,305,885)	\$ (312,366,524)	\$ (275,033,346)	\$ (644,705,755)		

Metropolitan Transportation Commission
Schedule of Interest Rate Swaps for Series 2001 - BATA Proprietary Fund
For the Year Ended June 30, 2020

Schedule 15

	Series 2001 A	Series 2001 A	Total
Notional amount	\$75,000,000	\$75,000,000	\$150,000,000
Trade date	1/22/2014	6/26/2015	
Effective date	1/1/2014	7/1/2015	
Swap mode	65% One Mth LIBOR	65% One Mth LIBOR	
Maturity	4/1/2036	4/1/2036	
Swap rate	4.09%	3.29%	
Counterparty (CP)	Morgan Stanley Capital Services LLC	Wells Fargo Bank, N.A.	
S&P/Moody's ratings	A+/A1	A+/Aa2	
Ratings outlook	Stable/No outlook provided	Stable/Stable	
Fair value due from/ (to) CP ⁽¹⁾	\$(32,157,727)	\$(25,148,158)	\$(57,305,885)
Credit risk			
CP Collateral Posting ⁽²⁾			
1a) CP = "A-", "A", or "A+" (S&P) or	Yes	Yes	
1b) CP = "A3", "A2", or "A1" (Moody's) and	Yes	No	
2) Termination value >\$10 million	No	No	
or			
CP Collateral Posting ⁽²⁾			
1c) CP < A- (S&P) or	No	No	
1d) CP < A3 (Moody's) and	No	No	
2) Termination value > \$0	No	No	
Ratings termination risk ⁽³⁾			
CP can terminate if BATA's Sr bond ratings (S&P or Moody's) is below	BBB-/Baa3	BBB+/Baa1	

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

⁽²⁾ Unilateral collateral posting by counterparty.

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

Metropolitan Transportation Commission
Schedule of Interest Rate Swaps for Series 2006 - BATA Proprietary Fund
For the Year Ended June 30, 2020

Schedule 16

	Series 2006	Series 2006	Series 2006	Series 2006	Series 2006	Series2006	Total
Notional amount	\$245,000,000	\$115,000,000	\$30,000,000	\$110,000,000	\$60,000,000	\$125,000,000	\$685,000,000
Trade date	4/1/2011	3/20/2012	5/25/2006	3/20/2012	8/28/2008	6/26/2015	
Effective date	4/1/2011	2/8/2006	2/8/2006	3/1/2012	8/1/2008	7/1/2015	
Swap mode	75.105% One Mth LIBOR	53.8% One Mth LIBOR+0.74%	68% One Mth LIBOR	53.8% One Mth LIBOR+0.74%	68% One Mth LIBOR	68% One Mth LIBOR	
Maturity	4/1/2045	4/1/2045	4/1/2045	4/1/2045	4/1/2045	4/1/2045	
Swap rate	4.00%	3.64%	3.63%	3.64%	3.64%	2.96%	
Counterparty (CP)	JP Morgan Chase Bank, N.A.	Citibank, N.A., New York	Bank of America, N.A.	Wells Fargo Bank, N.A.	Goldman Sachs Mitsui Marine Derivative Products LP	Bank of America, N.A.	
S&P/Moody's ratings	A+/Aa2	A+/Aa3	A+/Aa2	A+/Aa2	AA-/Aa2	A+/Aa2	
Ratings outlook	Stable/Stable	Stable/Stable	Stable/Stable	Stable/Stable	Stable/No outlook provided	Stable/Stable	
Fair value due from/ (to) CP ⁽¹⁾	\$(132,259,880)	\$(44,854,759)	\$(14,715,130)	\$(42,904,800)	\$(29,515,000)	\$(48,116,955)	\$(312,366,524)
Credit risk							
CP Collateral Posting ⁽²⁾							
1a) CP = "A-", "A", or "A+" (S&P) or	Yes	Yes	Yes	Yes	No	Yes	
1b) CP = "A3", "A2", or "A1" (Moody's) and	No	No	No	No	No	No	
2) Termination value >\$10 million	No	No	No	No	No	No	
or							
CP Collateral Posting ⁽²⁾							
1c) CP < A- (S&P) or	No	No	No	No	No	No	
1d) CP < A3 (Moody's) and	No	No	No	No	No	No	
2) Termination value >\$0	No	No	No	No	No	No	
Ratings termination risk ⁽³⁾							
CP can terminate if BATA's Sr bond ratings (S&P or Moody's) is below	BBB-/Baa3	BBB-/Baa3	BBB/Baa2(Insured)	BBB+/Baa1	BBB+/Baa1	BBB+/Baa1	

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

⁽²⁾ Unilateral collateral posting by counterparty.

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

Metropolitan Transportation Commission
Schedule of Interest Rate Swaps for Series 2007 - BATA Proprietary Fund
For the Year Ended June 30, 2020

Schedule 17

	Series 2007	Series 2007	Series 2007	Series 2007	Series 2007	Total
Notional amount	\$260,000,000	\$50,000,000	\$85,000,000	\$170,000,000	\$40,000,000	\$605,000,000
Trade date	1/2/2009	5/25/2006	8/28/2008	9/2/2008	6/26/2015	
Effective date	11/1/2007	11/1/2007	8/1/2008	9/2/2008	7/1/2015	
Swap mode	53.8% One Mth Libor+0.74%	68% One Mth LIBOR	68% One Mth LIBOR	68% One Mth LIBOR	68% One Mth LIBOR	
Maturity	4/1/2047	4/1/2047	4/1/2047	4/1/2047	4/1/2047	
Swap rate	3.64%	3.63%	3.64%	3.64%	2.22%	
Counterparty (CP)	Citibank, N.A., New York	Bank of America, N.A.	Goldman Sachs Mitsui Marine Derivative Products LP	The Bank of New York Mellon	The Bank of New York Mellon	
S&P/Moody's ratings	A+/Aa3	A+/Aa2	AA-/Aa2	AA-/Aa2	AA-/Aa2	
Ratings outlook	Stable/Stable	Stable/Stable	Stable/No outlook provided	Stable/Stable	Stable/Stable	
Fair value due from/(to) CP ⁽¹⁾	\$(106,466,621)	\$(25,701,669)	\$(43,841,930)	\$(87,682,740)	\$(11,340,386)	\$ (275,033,346)
Credit risk						
CP Collateral Posting ⁽²⁾						
1a) CP = "A-", "A", or "A+" (S&P) or	Yes	Yes	No	No	No	
1b) CP = "A3", "A2", or "A1" (Moody's) and	No	No	No	No	No	
2) Termination value > \$10 million	No	No	No	No	No	
or						
CP Collateral Posting ⁽²⁾						
1c) CP <A- (S&P) or	No	No	No	No	No	
1d) CP <A3 (Moody's) and	No	No	No	No	No	
2) Termination value >\$0	No	No	No	No	No	
Ratings termination risk ⁽³⁾						
CP can terminate if BATA's Sr bond ratings (S&P or Moody's) is below	BBB-/Baa3	BBB/Baa2 (Insured)	BBB+/Baa1	BBB+/Baa1	BBB+/Baa1	

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

⁽²⁾ Unilateral collateral posting by counterparty.

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

STATISTICAL SECTION

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

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Financial Trends	140
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These schedules provide trend information to assist the reader in understanding the change in MTC's financial performance over time.

Revenue Capacity	145
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These schedules include information to help the reader assess MTC's most significant local revenue source, toll bridge revenues.

Debt Capacity	150
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These schedules provide information to help the reader assess the affordability of MTC's current levels of outstanding debt and its ability to issue additional debt in the future.

Demographic and Economic Information	152
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These schedules offer demographic and economic indicators to help the reader understand the environment in which MTC's financial activities take place.

Operating Information	155
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These schedules contain service and infrastructure data to help the reader understand how the information in MTC's financial report relates to the services provided and the activities performed.

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

Table 1

	FISCAL YEAR									
	<u>2011*</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental activities										
Net investment in capital assets	\$ 7,277	\$ 6,712	\$ 6,134	\$ 5,737	\$ 5,080	\$ 5,072	\$ 364	\$ 358	\$ 279	\$ 194
Restricted	332,378	406,868	376,343	372,455	392,812	471,623	489,425	528,724	495,071	524,026
Unrestricted	(6,534)	(3,388)	23,983	28,005	33,891	(24,215)	(72,160)	(70,871)	(36,410)	(26,213)
Total governmental activities net position	<u>\$ 333,121</u>	<u>\$ 410,192</u>	<u>\$ 406,460</u>	<u>\$ 406,197</u>	<u>\$ 431,783</u>	<u>\$ 452,480</u>	<u>\$ 417,629</u>	<u>\$ 458,211</u>	<u>\$ 458,940</u>	<u>\$ 498,007</u>
Business-type activities										
Net investment in capital assets	\$ 17,825	\$ 19,192	\$ 23,112	\$ 27,033	\$ 28,516	\$ 56,525	\$ 78,054	\$ 89,436	\$ 114,328	\$ 3,138
Restricted	200,000	200,000	200,000	200,000	200,000	203,559	200,266	201,343	229,454	233,864
Unrestricted	(4,744,006)	(5,329,066)	(5,585,985)	(6,076,858)	(6,601,447)	(6,891,081)	(6,888,421)	(6,969,616)	(7,159,612)	(7,507,815)
Total business-type activities net position	<u>\$ (4,526,181)</u>	<u>\$ (5,109,874)</u>	<u>\$ (5,362,873)</u>	<u>\$ (5,849,825)</u>	<u>\$ (6,372,931)</u>	<u>\$ (6,630,997)</u>	<u>\$ (6,610,101)</u>	<u>\$ (6,678,837)</u>	<u>\$ (6,815,830)</u>	<u>\$ (7,270,813)</u>
Total primary government										
Net investment in capital assets	\$ 25,102	\$ 25,904	\$ 29,246	\$ 32,770	\$ 33,596	\$ 61,597	\$ 78,418	\$ 89,794	\$ 114,607	\$ 3,332
Restricted	532,378	606,868	576,343	572,455	592,812	675,182	689,691	730,067	724,525	757,890
Unrestricted	(4,750,540)	(5,332,454)	(5,562,002)	(6,048,853)	(6,567,556)	(6,915,296)	(6,960,581)	(7,040,487)	(7,196,022)	(7,534,028)
Total primary government net position	<u>\$ (4,193,060)</u>	<u>\$ (4,699,682)</u>	<u>\$ (4,956,413)</u>	<u>\$ (5,443,628)</u>	<u>\$ (5,941,148)</u>	<u>\$ (6,178,517)</u>	<u>\$ (6,192,472)</u>	<u>\$ (6,220,626)</u>	<u>\$ (6,356,890)</u>	<u>\$ (6,772,806)</u>

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

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

Table 2

	FISCAL YEAR									
	<u>2011*</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019**</u>	<u>2020</u>
Expenses										
Governmental activities:										
General government	\$ 78,611	\$ 77,165	\$ 69,123	\$ 78,763	\$ 81,168	\$ 77,038	\$ 103,883	\$ 87,487	\$ 104,246	\$ 105,558
Transportation	149,092	124,269	210,916	237,098	195,039	156,045	204,294	192,139	307,829	267,272
Total governmental activities expenses	<u>227,703</u>	<u>201,434</u>	<u>280,039</u>	<u>315,861</u>	<u>276,207</u>	<u>233,083</u>	<u>308,177</u>	<u>279,626</u>	<u>412,075</u>	<u>372,830</u>
Business-type activities:										
Clipper smart card	52,048	34,846	38,319	37,393	37,264	44,090	45,094	44,885	48,754	57,879
Toll bridge activities	1,569,444	1,352,120	1,189,447	1,586,156	1,008,115	935,544	980,645	988,187	886,760	769,091
Congestion relief	17,939	18,693	17,763	12,742	11,697	10,419	11,463	10,696	13,100	17,616
Total business-type activities expenses	<u>1,639,431</u>	<u>1,405,659</u>	<u>1,245,529</u>	<u>1,636,291</u>	<u>1,057,076</u>	<u>990,053</u>	<u>1,037,202</u>	<u>1,043,768</u>	<u>948,614</u>	<u>844,586</u>
Total primary government expenses	<u>\$ 1,867,134</u>	<u>\$ 1,607,093</u>	<u>\$ 1,525,568</u>	<u>\$ 1,952,152</u>	<u>\$ 1,333,283</u>	<u>\$ 1,223,136</u>	<u>\$ 1,345,379</u>	<u>\$ 1,323,394</u>	<u>\$ 1,360,689</u>	<u>\$ 1,217,416</u>
Program Revenues										
Governmental activities:										
Operating grants and contributions	\$ 74,274	\$ 245,171	\$ 250,529	\$ 301,254	\$ 303,823	\$ 233,919	\$ 247,211	\$ 303,748	\$ 357,187	\$ 360,604
Business-type activities:										
Charges for services	622,906	660,156	690,181	713,147	740,510	760,872	772,292	785,383	779,402	688,688
Operating grants and contributions	281,918	263,080	272,281	393,471	95,622	102,705	88,931	90,664	107,751	107,653
Capital grants and contributions	327	-	-	81,209	-	3,559	9,220	11,294	3,658	7,328
Total business-type activities program revenues	<u>905,151</u>	<u>923,236</u>	<u>962,462</u>	<u>1,187,827</u>	<u>836,132</u>	<u>867,136</u>	<u>870,443</u>	<u>887,341</u>	<u>890,811</u>	<u>803,669</u>
Total primary government program revenues	<u>\$ 979,425</u>	<u>\$ 1,168,407</u>	<u>\$ 1,212,991</u>	<u>\$ 1,489,081</u>	<u>\$ 1,139,955</u>	<u>\$ 1,101,055</u>	<u>\$ 1,117,654</u>	<u>\$ 1,191,089</u>	<u>\$ 1,247,998</u>	<u>\$ 1,164,273</u>
Net (expense)/revenue										
Governmental activities	\$ (153,429)	\$ 43,737	\$ (29,510)	\$ (14,607)	\$ 27,616	\$ 836	\$ (60,966)	\$ 24,122	\$ (54,888)	\$ (12,226)
Business-type activities	(734,280)	(482,423)	(283,067)	(448,464)	(220,944)	(122,917)	(166,759)	(156,427)	(57,803)	(40,917)
Total primary government net expense	<u>\$ (887,709)</u>	<u>\$ (438,686)</u>	<u>\$ (312,577)</u>	<u>\$ (463,071)</u>	<u>\$ (193,328)</u>	<u>\$ (122,081)</u>	<u>\$ (227,725)</u>	<u>\$ (132,305)</u>	<u>\$ (112,691)</u>	<u>\$ (53,143)</u>

*Fiscal year 2011 has 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*.

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

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

Table 2

	FISCAL YEAR									
	<u>2011*</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019**</u>	<u>2020</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Sale tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,781	\$ 14,076
Unrestricted investment earnings	2,856	2,620	2,132	1,935	2,013	2,877	4,257	9,427	18,908	13,298
Gain on sale of capital assets	-	-	-	-	-	-	6,628	-	-	-
Transfers	29,473	30,714	23,645	12,409	15,336	16,984	15,231	17,142	21,928	23,918
Total governmental activities	32,329	33,334	25,777	14,344	17,349	19,861	26,116	26,569	55,617	51,292
Business-type activities:										
Unrestricted investment earnings	33,452	(70,557)	53,714	(1,256)	(277,337)	(175,359)	171,808	105,878	(64,077)	(161,817)
Contributed capital	-	-	-	-	-	-	29,700	-	6,815	2,000
Special / Extraordinary items	-	-	-	-	-	-	1,378	-	-	(230,329)
Transfers	(29,473)	(30,714)	(23,645)	(12,409)	(15,336)	(16,984)	(15,231)	(17,142)	(21,928)	(23,918)
Total business-type activities	3,979	(101,271)	30,069	(13,665)	(292,673)	(192,343)	187,655	88,736	(79,190)	(414,064)
Total primary government	\$ 36,308	\$ (67,937)	\$ 55,846	\$ 679	\$ (275,324)	\$ (172,482)	\$ 213,771	\$ 115,305	\$ (23,573)	\$ (362,772)
Change in Net Position										
Governmental activities	\$ (121,100)	\$ 77,072	\$ (3,733)	\$ (263)	\$ 44,965	\$ 20,697	\$ (34,850)	\$ 50,691	\$ 729	\$ 39,066
Business-type activities	(730,301)	(583,694)	(252,998)	(462,129)	(513,617)	(315,260)	20,896	(67,691)	(136,993)	(454,981)
Total primary government	\$ (851,401)	\$ (506,622)	\$ (256,731)	\$ (462,392)	\$ (468,652)	\$ (294,563)	\$ (13,954)	\$ (17,000)	\$ (136,264)	\$ (415,915)

*Fiscal year 2011 has 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*.

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

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

Table 3

	FISCAL YEAR									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General fund										
Nonspendable	\$ 918	\$ 1,037	\$ 1,033	\$ 1,209	\$ 1,328	\$ 1,305	\$ 823	\$ 822	\$ 1,426	\$ 673
Restricted for	1,954	2,389	1,254	528	512	158	49	27	-	3,497
Committed to	2,855	3,992	1,961	2,688	3,132	6,014	4,002	3,956	5,677	14,569
Unassigned	17,834	20,363	26,641	29,750	31,705	32,893	36,791	41,608	38,926	32,192
Total general fund	<u>\$ 23,561</u>	<u>\$ 27,781</u>	<u>\$ 30,889</u>	<u>\$ 34,175</u>	<u>\$ 36,677</u>	<u>\$ 40,370</u>	<u>\$ 41,665</u>	<u>\$ 46,413</u>	<u>\$ 46,029</u>	<u>\$ 50,931</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ -	\$ -
Restricted for	290,757	362,492	349,615	339,144	384,916	432,015	449,183	492,175	495,071	520,529
Committed to	7,509	8,573	15,096	21,501	28,024	28,985	30,216	34,051	31,788	25,744
Unassigned	-	-	-	-	(10,445)	(40,998)	(92,221)	(94,371)	(99,797)	(88,760)
Total all other governmental funds	<u>\$ 298,266</u>	<u>\$ 371,065</u>	<u>\$ 364,711</u>	<u>\$ 360,645</u>	<u>\$ 402,495</u>	<u>\$ 420,002</u>	<u>\$ 387,178</u>	<u>\$ 431,857</u>	<u>\$ 427,062</u>	<u>\$ 457,513</u>

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

Table 4

	FISCAL YEAR									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues										
Sales taxes	\$ 9,644	\$ 10,504	\$ 11,162	\$ 11,735	\$ 12,374	\$ 12,812	\$ 13,089	\$ 13,650	\$ 14,781	\$ 14,076
Grants - Federal	48,819	50,022	45,795	52,831	56,491	48,950	65,220	54,365	49,227	53,899
Grants - State	5,392	145,788	160,060	151,916	148,032	115,262	105,027	222,417	290,237	294,383
Local agencies revenues and refunds	18,419	46,022	41,148	88,712	86,553	57,917	63,532	13,247	18,015	13,415
Investment income - unrestricted	2,856	2,620	2,132	1,935	2,013	2,878	4,257	9,427	18,908	13,298
Total revenues	85,130	254,956	260,297	307,129	305,463	237,819	251,125	313,106	391,168	389,071
Expenditures										
General government	72,612	70,376	65,175	70,387	68,463	63,439	68,456	64,713	94,692	85,566
Allocation to other agencies	162,266	138,105	221,642	249,434	207,804	169,527	228,987	215,949	323,535	292,058
Capital outlay	66	170	372	496	180	639	165	159	48	12
Contribution to Bay Area Headquarters Authority	-	-	-	-	-	-	11,423	-	-	-
Total expenditures	234,944	208,651	287,189	320,317	276,447	233,605	309,031	280,821	418,275	377,636
Excess of revenues over (under) expenditures	(149,814)	46,305	(26,892)	(13,188)	29,016	4,214	(57,906)	32,285	(27,107)	11,435
Other financing sources (uses)										
Transfer in	35,310	34,468	30,666	31,249	33,190	32,082	29,597	31,737	39,207	46,413
Transfer out	(5,838)	(3,754)	(7,021)	(18,841)	(17,854)	(15,098)	(14,366)	(14,595)	(17,279)	(22,494)
Sale of capital assets	-	-	-	-	-	-	11,147	-	-	-
Total other financing sources (uses)	29,472	30,714	23,645	12,408	15,336	16,984	26,378	17,142	21,928	23,919
Net change in fund balances	\$ (120,342)	\$ 77,019	\$ (3,247)	\$ (780)	\$ 44,352	\$ 21,198	\$ (31,528)	\$ 49,427	\$ (5,179)	\$ 35,354

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

Table 5

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES			Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Sale Tax	Unrestricted Investment Earnings/Charges	Return of Contribution from BAHA & BAIFA	
2011	¹ \$ 622,905,920	\$ 356,192,046	\$ 327,301	\$ -	\$ 36,308,447	\$ -	1,015,733,714
2012	660,156,182	508,251,355	-	-	(67,936,345)	-	1,100,471,192
2013	² 690,180,714	522,809,673	-	-	55,846,137	-	1,268,836,524
2014	³ 713,146,710	694,725,536	81,209,050	-	678,986	-	1,489,760,282
2015	⁴ 740,510,656	399,445,120	-	-	(275,323,755)	-	864,632,021
2016	760,871,690	336,623,906	3,559,290	-	(172,481,342)	-	928,573,544
2017	772,292,468	336,142,333	9,219,623	-	176,065,210	29,700,000	1,323,419,634
2018	785,383,349	394,411,700	11,294,137	-	115,304,370	-	1,306,393,556
2019	[*] 779,402,140	464,937,885	3,658,253	14,780,747	(45,169,118)	6,815,000	1,224,424,907
2020	688,687,936	468,256,919	7,328,320	14,076,093	(148,519,574)	2,000,000	1,031,829,694

¹ Excludes \$2.385 billion bond proceeds

² Excludes \$908 million bond proceeds

³ Excludes \$900 million bond proceeds

⁴ Excludes \$2.213 billion bond proceeds

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

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

Table 6

Fiscal Year	General Government	Transportation	Toll Bridge Activities	Congestion Relief	Clipper [®]	Total
2011*	\$ 78,610,828	\$ 149,092,421	\$ 1,569,444,305	\$ 17,938,280	\$ 52,047,730	\$ 1,867,133,564
2012	77,165,020	124,269,186	1,352,120,141	18,692,766	34,846,108	1,607,093,221
2013	69,122,603	210,915,679	1,189,447,185	17,762,774	38,319,247	1,525,567,488
2014	78,763,519	237,097,812	1,586,156,184	12,742,160	37,392,814	1,952,152,489
2015	81,168,440	195,038,682	1,008,115,070	11,696,862	37,264,816	1,333,283,870
2016	77,038,765	156,045,404	935,543,616	10,418,605	44,090,317	1,223,136,707
2017	103,883,046	204,294,737	980,644,892	11,463,126	45,093,517	1,345,379,318
2018	87,487,224	192,138,705	988,187,231	10,696,201	44,884,890	1,323,394,251
2019	104,246,259	307,828,471	886,759,624	13,100,396	48,754,311	1,360,689,061
2020	105,558,075	267,271,776	769,090,836	17,616,049	57,879,237	1,217,415,973

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

Metropolitan Transportation Commission
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
2011	\$ 210,190,214	\$ 75,064,299	\$ 46,782,024	\$ 100,918,100	\$ 92,268,264	\$ 11,080,910	\$ 61,058,136	\$ 597,361,947
2012	215,612,429	81,627,375	48,539,902	106,862,308	95,967,433	11,982,407	65,271,303	625,863,157
2013	221,544,298	85,968,027	50,626,212	112,580,359	101,036,856	12,449,046	68,770,541	652,975,339
2014	222,048,270	91,087,608	54,087,642	113,605,892	105,084,694	13,033,474	72,559,357	671,506,937
2015	228,421,032	93,335,417	57,162,481	117,429,187	109,471,720	13,611,031	75,523,984	694,954,852
2016	229,130,964	98,997,393	58,501,070	121,273,702	114,971,355	13,874,932	77,382,940	714,132,356
2017	227,403,833	100,495,035	59,316,788	123,022,647	116,977,648	15,425,397	78,142,955	720,784,303
2018	225,681,648	102,082,870	60,097,355	125,656,833	117,765,960	16,926,707	79,139,058	727,350,431
2019	223,035,517	101,867,795	60,575,355	125,716,697	117,814,910	17,879,738	78,024,008	724,914,020
2020	197,549,108	85,976,170	49,979,480	112,430,483	102,676,385	16,157,895	69,162,685	633,932,206

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
2011	44,317,350	15,407,582	9,777,172	20,026,368	18,308,458	2,168,699	12,177,540	122,183,169
2012	44,460,209	16,241,002	9,929,399	20,065,557	18,266,053	2,181,315	12,523,905	123,667,440
2013	45,071,936	16,692,221	10,205,793	20,176,369	18,531,052	2,128,525	12,785,217	125,591,113
2014	45,332,246	17,758,098	10,909,076	20,397,621	19,237,717	2,193,962	13,561,516	129,390,236
2015	46,994,056	18,240,477	11,591,256	21,123,039	20,055,430	2,347,039	14,201,661	134,552,958
2016	47,754,079	19,502,252	11,889,024	22,002,165	21,210,960	2,411,138	14,606,825	139,376,443
2017	47,996,192	19,918,887	12,046,423	22,457,814	21,784,617	2,735,244	14,849,279	141,788,456
2018	48,219,514	20,270,536	12,193,573	23,060,921	22,066,372	3,024,272	15,019,243	143,854,431
2019	47,774,136	20,244,619	12,319,014	22,988,908	21,927,095	3,213,313	14,832,118	143,299,203
2020	41,806,818	16,926,831	10,133,024	20,450,173	18,965,889	2,972,388	12,972,413	124,227,536

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
2011							
No. of paid vehicles ('000s)	2,118	17,987	19,593	11,987	15,209	9,634	43,282
Average toll rate	\$ 5.23	\$ 5.13	\$ 5.15	\$ 5.09	\$ 4.94	\$ 4.86	\$ 4.86
Total revenues	\$ 11,081	\$ 92,268	\$ 100,918	\$ 61,058	\$ 75,064	\$ 46,782	\$ 210,190
2012							
No. of paid vehicles ('000s)	2,124	17,908	19,613	12,320	16,016	9,777	43,382
Average toll rate	\$ 5.64	\$ 5.36	\$ 5.45	\$ 5.30	\$ 5.10	\$ 4.96	\$ 4.97
Total revenues	\$ 11,982	\$ 95,967	\$ 106,862	\$ 65,271	\$ 81,627	\$ 48,540	\$ 215,612
2013							
No. of paid vehicles ('000s)	2,078	18,101	19,685	12,558	16,426	10,010	43,872
Average toll rate	\$ 5.99	\$ 5.58	\$ 5.72	\$ 5.48	\$ 5.23	\$ 5.06	\$ 5.05
Total revenues	\$ 12,449	\$ 101,037	\$ 112,580	\$ 68,771	\$ 85,968	\$ 50,626	\$ 221,544
2014							
No. of paid vehicles ('000s)	2,142	18,791	19,856	13,309	17,434	10,712	44,037
Average toll rate	\$ 6.08	\$ 5.59	\$ 5.72	\$ 5.45	\$ 5.22	\$ 5.05	\$ 5.04
Total revenues	\$ 13,033	\$ 105,085	\$ 113,606	\$ 72,559	\$ 91,088	\$ 54,088	\$ 222,048
2015							
No. of paid vehicles ('000s)	2,289	19,586	20,529	13,914	17,902	11,379	45,535
Average toll rate	\$ 5.95	\$ 5.59	\$ 5.72	\$ 5.43	\$ 5.21	\$ 5.02	\$ 5.02
Total revenues	\$ 13,611	\$ 109,472	\$ 117,429	\$ 75,524	\$ 93,335	\$ 57,163	\$ 228,421
2016							
No. of paid vehicles ('000s)	2,346	20,637	21,241	14,267	19,079	11,648	46,038
Average toll rate	\$ 5.91	\$ 5.57	\$ 5.71	\$ 5.42	\$ 5.19	\$ 5.02	\$ 4.98
Total revenues	\$ 13,875	\$ 114,971	\$ 121,274	\$ 77,383	\$ 98,997	\$ 58,501	\$ 229,131
2017							
No. of paid vehicles ('000s)	2,655	21,043	21,516	14,450	19,404	11,767	45,979
Average toll rate	\$ 5.81	\$ 5.56	\$ 5.72	\$ 5.41	\$ 5.18	\$ 5.04	\$ 4.95
Total revenues	\$ 15,425	\$ 116,978	\$ 123,022	\$ 78,143	\$ 100,495	\$ 59,317	\$ 227,404
2018							
No. of paid vehicles ('000s)	2,938	21,156	21,997	14,600	19,701	11,868	46,042
Average toll rate	\$ 5.76	\$ 5.57	\$ 5.71	\$ 5.42	\$ 5.18	\$ 5.06	\$ 4.90
Total revenues	\$ 16,927	\$ 117,766	\$ 125,657	\$ 79,139	\$ 102,083	\$ 60,097	\$ 225,681
2019							
No. of paid vehicles ('000s)	3,118	21,192	22,023	14,454	19,732	12,004	45,761
Average toll rate	\$ 5.73	\$ 5.56	\$ 5.71	\$ 5.40	\$ 5.16	\$ 5.05	\$ 4.87
Total revenues	\$ 17,880	\$ 117,815	\$ 125,717	\$ 78,024	\$ 101,868	\$ 60,575	\$ 223,036
2020							
No. of paid vehicles ('000s)	2,841	18,336	19,429	12,657	16,531	9,874	40,114
Average toll rate	\$ 5.69	\$ 5.60	\$ 5.79	\$ 5.46	\$ 5.20	\$ 5.06	\$ 4.92
Total revenues	\$ 16,158	\$ 102,676	\$ 112,430	\$ 69,163	\$ 85,976	\$ 49,980	\$ 197,549

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
2011	\$ 7,943,135,000	\$ 456,507,625	\$ 7,486,627,375	\$ 597,361,947	61
2012	7,904,440,000	455,624,170	7,448,815,830	625,863,157	60
2013	7,700,750,000	427,025,751	7,273,724,249	652,975,339	58
2014	8,554,585,000	475,439,245	8,079,145,755	671,506,937	62
2015	9,243,010,000	510,833,790	8,732,176,210	694,954,852	65
2016	9,186,095,000	515,292,195	8,670,802,805	714,132,356	62
2017	9,437,830,000	526,223,870	8,911,606,130	720,784,303	63
2018	9,475,610,000	519,966,477	8,955,643,523	727,350,431	62
2019	9,387,965,000	527,588,817	8,860,376,183	724,914,020	62
2020	8,993,380,000	534,211,465	8,459,168,535	633,932,206	68

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

Table 11

Fiscal Year	Toll Revenue Bonds			Debt Service		Coverage
	Toll Revenues	Less: Operating Expenses	Net Available Revenue	Principal	Interest **	
2011*	\$ 597,361,947	\$ 117,390,258	\$ 479,971,689	\$ 36,990,000	\$ 322,072,699	1.34
2012	625,863,157	119,167,770	506,695,387	38,695,000	333,551,860	1.36
2013	652,975,339	136,394,953	516,580,386	40,540,000	328,418,435	1.40
2014	671,506,937	149,382,450	522,124,487	46,165,000	373,729,994	1.24
2015	694,954,852	150,674,360	544,280,492	48,195,000	360,391,933	1.33
2016	714,132,356	149,654,060	564,478,296	56,915,000	371,776,680	1.32
2017	720,784,303	165,217,440	555,566,863	54,835,000	381,073,698	1.27
2018	727,350,431	168,219,801	559,130,630	55,760,000	383,817,204	1.27
2019	724,914,020	174,407,488	550,506,532	63,885,000	380,074,132	1.24
2020	633,932,206	162,951,569	470,980,637	118,235,000	383,303,239	0.94 ⁽¹⁾

* Fiscal year 2011 has 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*.

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

⁽¹⁾ BATA has designated reserves to cover any operating shortfalls. Refer to Schedule 10 for debt service coverage ratios.

Metropolitan Transportation Commission
Miscellaneous Statistics (unaudited)
June 30, 2020

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)	304
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	7,790,537
Number of Toll Bridges in the Region	8
Traffic for All Toll Bridges - Number of Vehicles (excluding Golden Gate Bridge, Highway and Transportation District)	124,227,536
Toll Revenues (excluding Golden Gate Bridge, Highway and Transportation District)	\$633,932,206
Number of Call Boxes in the Region	374

Metropolitan Transportation Commission
Demographic Statistics for Nine San Francisco Bay Area Counties (unaudited)
Last Ten Calendar Years

Table 13

Year	Population ¹	Per Capita Income ^{2, 5}	Median Age ^{2, 5}	School Enrollment ³	Unemployment Rate ⁴
2011	7,150,739	N/A	N/A	985,964	10.17 %
2012	7,249,563	N/A	N/A	994,207	8.69 %
2013	7,327,626	N/A	N/A	1,004,436	6.69 %
2014	7,420,453	N/A	N/A	1,013,055	5.34 %
2015	7,510,942	N/A	N/A	1,019,853	4.20 %
2016	7,649,565	N/A	N/A	1,021,840	4.24 %
2017	7,714,638	N/A	N/A	1,022,684	3.65 %
2018	7,772,586	N/A	N/A	1,022,674	3.07 %
2019	7,783,460	N/A	N/A	1,015,200	2.76 %
2020	7,790,537	N/A	N/A	1,009,363	12.07 %

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 2020 and 2011

Table 14

2020 ¹				2011 ²			
Employer	Employees	Rank	Percentage of City of San Francisco Total Employment	Employer	Employees	Rank	Percentage of City of San Francisco Total Employment
Kaiser Permanente	58,269	1	16.01%	Kaiser Permanente	28,120	1	10.61%
University of California, San Francisco	34,690	2	9.53%	City and County of San Francisco	26,721	2	10.08%
City and County of San Francisco	32,749	3	8.99%	University of California, Berkeley	21,437	3	8.09%
University of California, Berkeley	24,794	4	6.81%	University of California, San Francisco	20,445	4	7.71%
Sutter Health	24,347	5	6.69%	State of California	18,063	5	6.81%
State of California	14,046	6	3.86%	Wells Fargo Bank	16,626	6	6.27%
Facebook	14,000	7	3.85%	Safeway Inc.	13,661	7	5.15%
Wells Fargo Bank	13,483	8	3.70%	Stanford University	11,911	8	4.49%
Safeway Inc.	13,397	9	3.68%	US Postal Service	10,813	9	4.08%
United Airlines	12,340	10	3.39%	Alameda County	8,882	10	3.35%

Data Sources

¹2020 Book of Lists, San Francisco Business Times

²2011 Book of Lists, San Francisco Business Times

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

Table 15

Functions	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental Activities										
General government	64	74	68	69	64	77	74	86	94	74
Transportation	67	64	73	76	76	83	79	122	119	150
Business-type Activities										
Toll bridge activities	34	33	34	41	54	58	64	65	63	67
Congestion relief	5	5	5	5	4	5	5	4	5	5
BAHA	-	-	-	-	3	6	10	9	8	8
	<u>170</u>	<u>176</u>	<u>180</u>	<u>191</u>	<u>201</u>	<u>229</u>	<u>232</u>	<u>286</u>	<u>289</u>	<u>304</u>

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
2011	\$ 562,678	\$17,417,779	3.23%
2012	632,904	17,799,482	3.56%
2013	679,688	18,966,022	3.58%
2014	658,421	20,191,937	3.26%
2015	743,290	22,111,218	3.36%
2016	763,647	23,713,316	3.22%
2017	776,100	27,772,133	2.79%
2018	835,827	33,455,049	2.50%
2019	1,010,937	34,846,017	2.90%
2020	1,171,894	36,306,211	3.23%

* From MTC records