SAN FRANCISCO
BAY AREA WATER EMERGENCY
TRANSPORTATION AUTHORITY

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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MAZE & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Francisco Bay Area Water Emergency Transportation Authority
San Francisco, California

Report on the Audit of the Financial Statements

Report on the Financial Statements

Opinion

We have audited the accompanying financial statement of the business-type activities of the San Francisco Bay Area Water Emergency Transportation Authority (Authority), California, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Change in Accounting Principles

Management adopted the provisions of the following Governmental Accounting Standards Board Statement, which became effective during the year ended June 30, 2023, but did not have a material effect on the financial statements as discussed in Note 2G and 6 to the financial statements:

Statement No. 96 – *SBITAS*

The emphasis of this matters does not constitute a modification to our opinions.

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
November 22, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) of the San Francisco Bay Area Water Emergency Transportation Authority (Authority) activities and financial performance provides an introduction to the financial statements of the Authority for the fiscal year ended June 30, 2023. The information presented herein should be considered in conjunction with the accompanying financial statements and notes.

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements required under GASB 34 include:

Statement of Net Position—presents the financial position of the Authority, including assets, deferred outflows, liabilities, deferred inflows, and net position. The difference between this statement and the traditional Balance Sheet is that net position (fund equity) is shown as the difference between total assets and total liabilities.

Statement of Activities—presents revenues, expenses, and changes in net position for the fiscal year. It differs from the traditional Statement of Revenues and Expenses in that revenues and expenses directly attributable to operating programs are presented separately from investment income and financing costs.

Statement of Cash Flows—provides itemized categories of cash flows. This statement differs from the traditional Statement of Cash Flows in that it presents itemized categories of cash inflows and outflows instead of computing the net cash flows from operation by backing out non-cash revenues and expenses from net operating income. In addition, cash flows related to investments and financing activities are presented separately.

ORGANIZATION DESCRIPTION AND OPERATIONS

In October 1999, the California State legislature formed the Water Transit Authority (WTA), a regional agency mandated to create a long-term plan for new and expanded water-transit and related services on the San Francisco Bay. On January 1, 2008, a new state law, Senate Bill 976, dissolved the WTA and replaced it with the San Francisco Bay Area Water Emergency Transportation Authority (Authority). This regional transportation agency is responsible for consolidating and operating public ferry services in the Bay Area, planning new service routes, and coordinating ferry transportation response to emergencies or disasters affecting the Bay Area transportation system.

In June 2016, the Authority Board of Directors (Board) adopted the following Mission Statement for the organization:

> *The San Francisco Bay Area Water Emergency Transportation Authority (Authority) is a regional agency with responsibility to develop and operate a comprehensive water transportation system for the Bay Area. The Authority shall also coordinate water transportation services in response to natural disasters and transportation disruptions.*

At the same time, the Authority Board approved the following Vision Statement for how the Authority would pursue its Mission:

> *The San Francisco Bay Area Water Emergency Transportation Authority develops, operates, and manages an expanded and enhanced region-wide ferry system that provides a reliable, state-of-the-art and attractive transportation option for the Bay Area and plays a critical role in coordinating and providing water transportation to serve emergency response and economic recovery needs.*

Taken together, the Mission and Vision Statements describe and characterize the Authority's multiple functional roles in the regional transportation network. Under the *San Francisco Bay Ferry* brand, the Authority is responsible for carrying over 2.1 million passengers annually utilizing a fleet of 16 high speed passenger-only ferry vessels. San Francisco Bay Ferry currently serves the cities of Alameda, Oakland, Richmond, San Francisco, South San Francisco, and Vallejo.

FINANCIAL POSITION SUMMARY

Total net position may serve as a useful indicator of the Authority's financial position when taking all assets and liabilities into account. The Authority's assets and deferred outflows exceeded its liabilities and deferred inflows by $473 million on June 30, 2023, a less than 0.17% decrease from June 30, 2022.

The chart below summarizes the Authority's net position as of June 30, 2023 and compares assets and liability categories to the prior year. A discussion of some of the most significant balances follows the chart.

Change in Net Position
(in thousands)

	2023	2022
Assets:		
Current and other assets	$43,963	$42,242
Capital assets	443,235	443,248
Total assets	$487,198	$485,490
Deferred Outflows of Resources:	$1,622	$1,797
Liabilities:		
Current liabilities	$8,451	$8,874
Unearned/deferred revenue	4,621	4,637
Other noncurrent liabilities	1,612	204
Total liabilities	$14,684	$13,715
Deferred Inflows of Resources:	$974	($381)
Net Position:		
Net investment in capital assets	$443,235	$443,248
Restricted	13,995	11,857
Unrestricted	15,933	18,848
Total net position	$473,162	$473,953

The Authority's assets and deferred outflows totaled $488.8 million on June 30, 2023, consisting of $44 million in current assets such as cash and receivables, $443.2 million in capital assets, and $1.6 million in pension and other post-employment benefits (OPEB)-related deferred outflows.

These net assets were essentially unchanged year over year. Year-end changes in Deferred Outflows and Inflows of Resources are related to investment gains in funds set up to pay longevity stipends and other pension liabilities. Current liabilities decreased due to timing of year end pending invoices on June 30th. These liabilities are generally resolved in the weeks following the close of the fiscal year.

The largest portion of the Authority's net position (94%) represents its investment in capital assets (i.e., ferries, terminals, improvements, and equipment). These capital assets are used to provide services to passengers Agency. Minor changes in capital assets are the result of the combination of depreciation (which decreases values) and additional assets due to completion of capital projects during the year (which increases value).

Within the Authority's net position are restricted assets, which represents resources that are subject to external restrictions imposed by grantors and contributors, which increased by $2.1 million during the year. The remaining unrestricted net position, $15.9 million, are unencumbered and may be used to meet future obligations. The decrease in unrestricted funds is the result of a delay in receiving some grant reimbursements for capital projects.

Notes to the Basic Financial Statements

The notes to the basic financial statements, which follow the statements themselves in this document, provide additional information that is essential to a full understanding of the financial data provided in the financial statements. They include further description of important elements of the Authority's financial statements and implementation of new accounting standards as required by the Governmental Accounting Standards Board. Over the past several years, the Authority has implemented a number of new GASB statements related to employee pension and other post-employment benefits, referred to as OPEB. Those statements have resulted in significant pension and OPEB information reflected in the statements and notes and in the Authority's decision to create trust funds to address those obligations.

FISCAL YEAR 2023 FINANCIAL HIGHLIGHTS

The following table summarizes the Statement of Activities and the change in Net Position of governmental activities, for the year ended June 30, 2023, as compared to June 30, 2022:

Statement of Activities and Changes In Net Position
(in thousands)

	2023	2022	Favorable/ (Unfavorable) Change From 2022
Operating revenues	$10,918	$8,232	$2,686
Operating expenses	(58,738)	(47,392)	(11,346)
Loss before depreciation and other non-operating revenues and expenses	(47,820)	(39,160)	(8,660)
Depreciation	(16,547)	(18,241)	1,694
Operating loss	(64,367)	(57,401)	(6,966)
Other non-operating revenues and expenses, net	44,905	41,232	3,673
Loss before capital contribution	(19,462)	(16,168)	(3,293)
Capital contributions	18,671	15,797	2,874
Change in Net Position	(791)	(372)	(419)
Net Position, beginning	473,954	474,325	(372)
Net Position, ending	$473,162	$473,954	($791)

Revenues

A summary of revenues for the year ended June 30, 2023, and the amount of change in relation to prior year amounts (in thousands) is as follows:

	2023	2022	Increase/ (Decrease) From 2022
Operating Revenues:			
Alameda Harbor Bay Ferry Service	$757	$453	$304
Alameda / Oakland Ferry Service	2,867	2,430	437
Vallejo Ferry Service	5,032	4,048	983
South San Francisco Ferry Service	260	88	172
Richmond Ferry Service	909	605	304
Seaplane Lagoon	1,094	608	486
Total operating revenues	$10,918	$8,232	$2,686
Non-operating Revenues:			
Operating assistance	$44,648	$41,131	$3,517
Investment / Interest Income	257	102	155
Total non-operating revenues	$44,905	$41,232	$3,673
Capital contributions:	18,671	15,797	2,874
Total Revenues	$74,493	$65,261	$9,232

- Revenue generated from operations (farebox revenue) increased in 2023 by $2.7 million or 33% from the prior year as the Authority experienced continued return to ridership following dramatic pandemic reductions.

- Non-operating revenues (operating support) increased by $3.7 million or 9%. This increased reliance on Federal assistance was attributed to significant inflationary pressures driving up costs such as fuel and labor. As noted above, fare revenue also increased but not at the same pace, which necessitated the additional assistance to fully fund ferry operations.

- Capital grants and contributions from Federal, State, and Local governments increased by $2.9 million, or 18% attributed primarily to increased capital activities on ferry and terminal projects.

Expenses

The chart below shows a summary of expenses for the year ended June 30, 2023 by category related to the Bay Ferry service and management of that service. It also shows the change in relation to prior year amounts (in thousands). The chart excludes depreciation and other financial statement required adjustments in order to provide a table that is comparable to the revenue table.

	2023	2022	Increase/ (Decrease) From 2022
Operating Expenses:			
Alameda Harbor Bay Ferry Service	$4,462	$4,225	$237
Alameda / Oakland Ferry Service	12,130	10,602	1,527
Vallejo Ferry Service	18,961	17,769	1,192
South San Francisco Ferry Service	3,727	2,548	1,180
Richmond Ferry Service	8,109	7,250	859
Seaplane Lagoon Ferry Service	5,404	4,493	911
Demonstration Projects	196	-	196
Planning & Administration	2,567	2,550	17
Total Operating Expenses	**$ 55,556**	**$ 49,438**	**$ 6,118**

- Total operating expenses, before depreciation, increased by $6.1 million, or 12%, over the prior year as a result of increases in labor rates and other inflationary pressures. A minor increase in cost is related to testing activities around demonstration of a new hydrogen ferry vessel, the Sea Change.

CAPITAL INVESTMENT ACTIVITIES

During the year ending June 30, 2023, the Authority expended $16.5 million on capital activities. (See Note 4 for further information.) This included the following notable project expenses:

- Purchase/Construct Two Replacement Vessels – Bay Breeze and Solano ($7.2 million)
- Gemini Class Engine Conversions – ($2.6 million)
- Multiple Vessel Engine Rehabilitation Projects – ($2.1 million)
- Construction of Expansion Vessels ($1.5 million)
- Passenger Float Rehabilitation – South San Francisco Terminal ($1.3 million)
- Terminal Rehabilitation Alameda Main Street – ($1.3 million)

PROGRAM INITIATIVES AND OUTLOOK

The Authority's 2023 program year was a year of both challenge and promise. Challenges in the form of severe winter weather affecting all commuter transit for a significant number of months during a time of continued uncertainty around the pandemic impacts on San Francisco's economy. However, ferry ridership for the Authority continued to improve at the close of the Fiscal Year at a rate higher than most other systems. At the end of Fiscal Year 2022-23, ridership had increased 49% over the prior fiscal year, and reached over 1.8 million passengers. This progress led to the Authority's Board adopting on an ongoing basis a fare program developed during the pandemic that reduced overall by 20% in order to rebuild ridership on all six San Francisco Bay Ferry routes. That was coupled with ongoing service schedules that provided both existing and new riders the opportunity to try the ferry not just for commuting but for recreational uses. WETA continues to utilize federal COVID-19 operative support which is projected to be exhausted by the end of Fiscal Year 2024, however with the successful conclusion of a legal challenge to regional bridge toll increases, the Authority anticipates receiving new operating and capital support through the Regional Measure 3 (RM3 -- Bridge Tolls) program. The outlook for the coming year includes planning, administration, and capital development efforts that will focus on:

- **Operations Budget Planning:** While other transit agencies face significant near-term fiscal challenges, the Authority's access to newly released RM3—Bridge Toll operating support mean continued ability to provide robust ferry service to the Bay Area. RM3 operating support essentially replaces expiring federal funding which will be exhausted in FY 2024. In July of 2023, the Board of Directors adopted a Five-Year Operating Plan that plans for all operating and revenue sources in the coming years and illustrates the use of this new RM3 revenue source to support ferry operations.

- **Business Plan:** The Authority will advance work on a business plan that will set forth a service vision and expansion policy to guide development and operation of the Bay Ferry system over the next 30 years. This effort will be adapted in the coming year to account for the recent release of RM3 funding and preliminary discussions of preparing a near-term ballot measure to increase long-term transportation investment in the Bay Area. The effort will continue outreach to a broad range of stakeholders and interest groups to help define a future vision for the agency pursuant to the overall business plan focus areas adopted by the Authority's Board.

- **Demonstration Projects** – In response to newly emerging commute and ridership patterns, the Authority has begun efforts to increase short-term demonstration projects to test new technology and new service patterns to increase ridership and serve customers that have not previously chosen to ride the ferry. These include the new hydrogen vessel funded primarily by local and private donations, a short-hop service to Mission Bay in San Francisco, and a public-private partnership in Alameda to run a small vessel within the Oakland Estuary.

- **Zero Emission Fleet Development** – In addition to supporting the Authority's ongoing fleet construction and rehabilitation program, staff have begun to implement capital programs funded by State and Federal grants that will invest in five new electric vessels and related charging infrastructure. These efforts are bolstered by the release of $300 million in RM3 funding available for capital investments in the ferry system.

- **Passenger Experience** – Several customer experience improvements are being implemented in the coming year. The agency will launch text message and email real-time transit alerts in FY 2024 in addition to pursuing procurements for a website redesign and a new onboard information system. The agency will also develop its first market research report in several years while continuing its marketing and community outreach programs.

- **Emergency Response Program/Training** – The Authority will continue to focus on its mission to be a critical piece of the region's emergency response efforts. Authority and contractor staff participate in local, regional, and state emergency exercises, meetings and planning discussions and efforts to improve internal training exercises including in-person emergency simulations.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide citizens, taxpayers, creditors and interested parties with a general overview of the Authority's finances. Questions or additional information about these statements should be directed to San Francisco Bay Area Water Emergency Transportation Authority, at Pier 9, Suite 111, San Francisco, CA 94111.

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS	
Current Assets	
Cash and cash equivalents (Note 3)	$17,356,308
Receivables:	
Accounts	19,754,472
Interest	115,488
Security deposit	76,432
Inventory	93,215
Prepaid expenses	6,138,819
Total Current Assets	43,534,734
Noncurrent Assets	
Net OPEB Asset (Note 10)	428,313
Capital assets, net of accumulated depreciation (Note 4):	
Construction in progress	39,239,784
Depreciable capital assets, net	
Ferries	159,026,209
Terminal development rights	2,728,410
Floats, piers and gangways	8,065,050
Ferry terminal and facilities	233,924,573
Equipment and service vehicles	251,043
Total Capital Assets, net	443,235,069
Total Noncurrent Assets	443,663,382
Total Assets	487,198,116
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions (Note 9)	1,498,608
Related to OPEB (Note 10)	123,276
Total Deferred Outflows of Resources	1,621,884
LIABILITIES	
Current Liabilities	
Accounts payable	7,395,136
Other accrued liabilities	925,035
Unearned revenue - fares	17,285
Compensated absences (Note 2C)	113,307
Total Current Liabilities	8,450,763
Noncurrent Liabilities	
Compensated absences (Note 2C)	209,948
Collective net pension liability (Note 9)	1,401,559
Unearned revenue - State Appropriation (Note 5A)	1,091,873
Unearned revenue - Prop 1B (Note 5C)	10,691
Unearned revenue - STA-SGR (Note 5E)	795,398
Unearned revenue - Demonstration Projects	804,446
Unearned revenue - LCTOP (Note 5F)	1,919,087
Total Noncurrent Liabilities	6,233,002
Total Liabilities	14,683,765
DEFERRED INFLOWS OF RESOURCES	
Related to pensions (Note 9)	722,811
Related to OPEB (Note 10)	250,974
Total Deferred Inflows of Resources	973,785
NET POSITION (Note 8)	
Net investment in capital assets	443,235,069
Restricted	13,994,613
Unrestricted	15,932,768
Total Net Position	$473,162,450

See accompanying notes to financial statements

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

OPERATING REVENUES	
Farebox revenue	$10,908,981
Other revenue	8,717
Total Operating Revenues	10,917,698
PROGRAM OPERATING EXPENSES	
Personnel costs	6,742,915
Administrative expenses	17,659,158
Legal and consulting	2,313,822
Purchased transportation	29,765,032
Insurance premiums	2,256,886
Depreciation (Note 4)	16,546,637
Total Program Operating Expenses	75,284,450
OPERATING LOSS	(64,366,752)
NON-OPERATING REVENUES (EXPENSE)	
Metropolitan Transportation Commission	14,994,242
State of California	42,000
Federal Transit Administration	25,433,835
Contra Costa Transportation Authority	3,709,053
Local operating assistance - other	195,554
Federal assistance - other	273,386
Interest/Investment earnings	256,941
Total Non-operating Revenues	44,905,011
CAPITAL GRANTS AND CONTRIBUTIONS	44,377,815
State of California	4,502,239
Federal Transit Administration	9,188,287
Alameda County Transportation Commission	2,104,157
City of Alameda	801,313
Metropolitan Transportation Commission	2,074,598
Total Capital Grants and Contributions	18,670,594
CHANGE IN NET POSITION	(791,147)
NET POSITION - BEGINNING	473,953,597
NET POSITION - ENDING	$473,162,450

See accompanying notes to financial statements

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$10,934,983
Payments to vendors and consultants	(53,143,159)
Payments to or on behalf of employees	(3,731,095)
Net cash flows from (used for) operating activities	(45,939,271)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES	
Intergovernmental collections	35,844,310
Net cash flows from noncapital and related financing activities	35,844,310
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Grant receipts used for capital activities	18,655,306
Payments for capital assets	(16,533,226)
Net cash flows from (used for) capital and related financing activities	2,122,080
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest receipts	146,064
Net cash flows from (used for) investing activities	146,064
Net cash flows	(7,826,817)
Cash and cash equivalents- beginning of year	25,183,125
Cash and cash equivalents - end of year	$17,356,308
Reconciliation of operating loss to net cash flows from operating activities:	
Operating loss	($64,366,752)
Depreciation	16,546,637
Change in assets and liabilities:	
Prepaid expenses	(798,711)
Net OPEB asset	95,715
Accounts payable	(973,954)
Other accrued liabilities	528,689
Unearned fares	17,285
Compensated absences	10,292
Net Pension liability	1,471,567
Deferred outflows/inflows	1,529,961
Net cash flows used for operating activities	($45,939,271)

See accompanying notes to financial statements

NOTE 1 – REPORTING ENTITY

The San Francisco Bay Area Water Emergency Transportation Authority (Authority) is the regional water transportation planning and operating agency for the San Francisco Bay Area. It was established by the California State Legislature on October 14, 2007. The Authority was created by the State Legislature to plan, manage, and operate new and existing Alameda and Vallejo ferry services and coordinate the emergency activities of all water transportation and related facilities within the Bay Area region.

The Authority is governed by a Board of Directors comprised of appointees from the Governor of California, the State Assembly, and the State Senate Subcommittee on Rules. The Board, consisting of 5 members, is responsible for general operations of the Authority, reviewing and approving the annual budget, approving future contractual agreements with vendors, and appointment of the Executive Director.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Authority conform with generally accepted accounting principles applicable to governments. The following is a summary of the significant policies:

A. Basis of Presentation

The Authority's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

These Standards require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary entity (the Authority). These statements include the financial activities of the overall Authority. Eliminations have been made to minimize the double counting of internal activities. These statements display the *business-type activities* of the Authority. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Authority's business-type activities. Program Operating Expenses are those that are specifically associated with a program or function. Nonoperating Revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as Nonoperating Revenues are presented as Operating Revenues.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting

The Authority uses an enterprise fund format to report its activities for financial statement purposes. The Authority's financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Grant reimbursements are recognized in the period the grant expenditures are made. Expenditures in excess of reimbursement are recorded as receivables if allowable under the grant, while excess reimbursements are recorded as deferred revenues.

C. Compensated Absences

Compensated absences comprise vacations and administration leave and are recorded as an expense when earned. The accrued liability for unused compensated absences is computed using current employee pay rates. Sick pay does not vest and is not accrued.

The changes in compensated absences were as follows:

Balance at June 30, 2022	$312,963
Additions	208,792
Payments	(198,500)
Balance at June 30, 2023	323,255
Due within one year	113,307
Due in more than one year	$209,948

D. Estimates

The Authority's management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses and the disclosure of contingent liabilities to prepare these financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Actual results could differ from those estimates.

E. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

F. Lease

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment.

The Authority's policy sets a lease amortization threshold based on 1% of the Authority's total annual assets for lease contracts to be recorded under the GASB 87. Any lease with a present value at inception less than 1% of the Authority's total annual assets will be deemed immaterial in relation to the financial statements as a whole and, thereby excluded from an amortization schedule.

As of June 30, 2023, the Authority does not have any leases that qualify above this threshold. See Note 6 for additional information.

G. Subscription-Based Information Technology Arrangements (SBITAS)

A Subscription-Based Information Technology Arrangement (SBITAS) is defined as a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets as specified in a contract for a period in an exchange or exchange-like transaction. The Authority recognizes SBITAs with a threshold based on 1% of the Authority's total annual assets for SBITAS to be recorded under the GASB 96.

As of June 30, 2023, the Authority does not have any SBITAS that qualify above this threshold.

NOTE 3 – CASH AND INVESTMENTS

A. Carrying Amount and Fair Value

Cash and investments are recorded at fair value, which is the same as fair market value. The Authority's cash and investments were composed of cash in banks and the California Local Agency Investment Fund (LAIF), each of which is described below.

NOTE 3 – CASH AND INVESTMENTS (Continued)

Cash and investments comprised of the following at June 30, 2023:

Investment Type	Total
California Local Agency Investment Fund	$7,116,758
Held by Trustees:	
Money Market Mutual Fund	9,542,197
Total Investments	16,658,955
Cash in banks and on hand	697,353
Total Cash and investments	$17,356,308

The California Local Agency Investment Fund (LAIF) and money market mutual funds are exempt from the fair value hierarchy.

B. Investments Authorized by the Authority

The California Government Code allows the Authority to invest in the following types of investments.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	5 years	N/A	No Limit	No Limit
State Obligations: CA and Others	5 years	N/A	No Limit	No Limit
CA Local Agency Obligations	5 years	N/A	No Limit	No Limit
U.S. Agency Obligations	5 years	N/A	No Limit	No Limit
Negotiable Certificates of Deposit	5 years	N/A	30%	No Limit
Non-negotiable Certificates of Deposit	5 years	N/A	No Limit	No Limit
Mutual Funds and Money Market Mutual Funds	N/A	Multiple	20%	10%
Bankers Acceptances	180 days	N/A	40%	30%
Commercial Paper - Pooled Funds	270 Days	Highest	40%	10%
Commercial Paper - Non-Pooled Funds	270 Days	Highest	25%	10%
Local Agency Investment Program Fund (LAIF)	N/A	N/A	No limit	No Limit
Local Agency Bonds	5 years	N/A	No Limit	No Limit
Placement Service Deposits	5 years	N/A	50%	No Limit
Placement Service Certificates of Deposit	5 years	N/A	50%	No Limit
Repurchase Agreements	1 year	N/A	No Limit	No Limit
Reverse Repurchase Agreements and Securities Lending Agreements	92 days	N/A	20%	No Limit
Medium-Term Notes	5 years	A	30%	No Limit
Collateralized Bank Deposits	5 years	N/A	No Limit	No Limit
Mortgage Pass–Through Securities	5 years	AA	20%	No Limit
County Pooled Investment Funds	N/A	N/A	No Limit	No Limit
Joint Powers Authority Pool	N/A	Multiple	No Limit	No Limit
Voluntary Investment Program Funds	N/A	N/A	No Limit	No Limit
Supranational Obligations	5 years	AA	30%	No Limit
Public Bank Obligations	5 years	N/A	No Limit	No Limit

NOTE 3 – CASH AND INVESTMENTS (Continued)

C. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may adversely affect the fair value of the Authority's investment. Generally, the longer the maturity of an investment, the greater is the sensitivity of its fair value to changes in market interest rates. As of year end, the weighted average maturity of the investments in the LAIF investment pool, and the money market mutual funds, is approximately 260 and 35 days, respectively.

D. Credit Risk

Generally, credit risk is the risk that an issuer of an investment fails to fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of year end, the money market mutual funds were rated AAAm by S&P. LAIF is not rated by a nationally recognized statistical rating organization.

E. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority may not be able to recover its deposits or may not be able to recover collateral securities that are in the possession of an outside party. Under California Government Code Section 53651, depending on specific types of eligible securities, a bank must deposit eligible securities posted as collateral with its agent having a fair value of 110% to 150% of the Authority's cash on deposit. All of the Authority's deposits are either insured by the Federal Depository Insurance Corporation (FDIC) or collateralized with pledged securities held in the trust department of the financial institutions in the Authority's name.

F. Local Agency Investment Fund

The Authority is a voluntary participant in LAIF. LAIF is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. The carrying value of LAIF approximates fair value.

NOTE 4 – CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed.

Capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

NOTE 4 – CAPITAL ASSETS (Continued)

Depreciation expense is calculated on the straight line method over the estimated useful lives of assets, which are as follows:

Ferries	25 years
Ferry Terminal/Facilities	50 years
Terminal Development Rights	55 years

Capital assets activity was as follows for the year ended June 30, 2023:

	Balance as of June 30, 2022	Additions	Transfers/ Adjustments	Balance as of June 30, 2023
Capital assets not being depreciated:				
Construction in progress	$24,444,460	$16,533,226	($1,737,902)	$39,239,784
Total assets not being depreciated	24,444,460	16,533,226	(1,737,902)	39,239,784
Capital assets being depreciated:				
Ferries	246,487,358		933,080	247,420,438
Terminal development rights	3,660,000			3,660,000
Floats, piers and gangways	16,077,607			16,077,607
Ferry terminal and facilities	265,855,052		804,822	266,659,874
Equipment and service vehicles	1,631,777			1,631,777
Total assets being depreciated	533,711,794		1,737,902	535,449,696
Less accumulated depreciation for:				
Ferries	(77,970,254)	(10,423,975)		(88,394,229)
Terminal development rights	(865,045)	(66,545)		(931,590)
Floats, piers and gangways	(7,553,744)	(458,813)		(8,012,557)
Ferry terminal and facilities	(27,190,070)	(5,545,231)		(32,735,301)
Equipment and service vehicles	(1,328,661)	(52,073)		(1,380,734)
Total accumulated depreciation	(114,907,774)	(16,546,637)		(131,454,411)
Net capital assets being depreciated	418,804,020	(16,546,637)	1,737,902	403,995,285
Capital Assets, Net	$443,248,480	($13,411)		$443,235,069

NOTE 4 – CAPITAL ASSETS (Continued)

The Authority has various projects. Construction in progress as of June 30, 2023 includes the following projects:

Project Name	Balance as of June 30, 2023
New High-Speed Vessel	$11,196,355
Vessel Replacement - MV Solano	5,090,944
Replacement Vessel - MV Bay Breeze	6,561,302
Gemini Class Vessel Engine Conversion	5,702,454
Berkeley Environmental	2,071,086
Terminal Rehab - Eng & Design Main Street	1,779,132
Terminal Dredging - Vallejo	1,294,760
Multiple projects under $1Million (24 projects)	5,543,751
Total	$39,239,784

NOTE 5 – MAJOR FUNDING SOURCES

A. *State Appropriation*

In October 1999, the California State legislature formed the Water Transit Authority (WTA) and received a single $12,000,000 appropriation as initial funding for the study and planning of water transportation services in the San Francisco Bay. On October 14, 2007, Senate Bill stated that WTA funds will be transferred to the Authority. As of June 30, 2023, the appropriation has a balance as follows:

Original appropriation	$12,000,000
Net expenses as of June 30, 2023	(10,938,957)
Unearned appropriation as of beginning of period	1,061,043
Fiscal year 2023:	
Add: Interest income	30,830
Less: Expended	0
Unearned appropriation as of period end	$1,091,873

NOTE 5 – MAJOR FUNDING SOURCES

B. Bridge Tolls

Regional Measure 1 (RM1) – In November 1988, Bay Area voters approved Regional Measure 1 (RM1), which authorized a standard auto toll of $1 for all seven state-owned Bay Area toll bridges. The additional revenues generated by the toll increase were identified for use for congestion-relieving transit operations and capital projects in the bridge corridors. The Authority receives the portion of RM1 funding intended for transit operation and ferry capital projects. As of June 30, 2023, the Authority expended a total of $1,221,491 for ferry capital projects. Of the total 2022 receivable balance and 2023 expenditures, the Authority received $251,277 in cash prior to June 30 2023.

Regional Measure 2 (RM2) – On March 2, 2004, voters passed Regional Measure 2 (RM2), raising the toll on the seven State-owned toll bridges in the San Francisco Bay Area by $1.00. This extra dollar is to fund various transportation projects within the region that have been determined to reduce congestion or to make improvements to travel in the toll bridge corridors, as identified in SB 916 (Chapter 715, Statutes of 2004). Specifically, RM2 establishes the Regional Traffic Relief Plan and identifies specific transit operating assistance and capital projects and programs eligible to receive RM2 funding. The Authority was allocated $12,371,923 to be used for operations in the fiscal year 2022-23. As of June 30, 2023, the Authority has expended total current allocated operating funds of $12,362,716. RM2 funding is also provided for Planning and Administration of ferry service and $2,425,867 was allocated and spent in the fiscal year 2022-23.

AB664 – This source is named for the 1975 enabling legislation that established certain reserves from the original base toll. Funds are collected from the Dumbarton, San Mateo-Hayward and San Francisco-Oakland Bay bridges and are used to fund capital projects that further the development of public transit in the vicinity of the bridges. Most AB664 funding is programmed to various transit agencies as a match for federal funds to cover the cost of replacing buses and improving capital facilities. As of June 30, 2023, the Authority had expended total allocated funds of $1,173,008. Of the total 2022 receivable balance and 2023 expenditures, the Authority received $61,320 in cash prior to June 30, 2023.

NOTE 5 – MAJOR FUNDING SOURCES (Continued)

C. Proposition 1B (CTSGP-RPWT) Projects

Pursuant to State Proposition 1B, the Authority is the eligible recipient of funds from the California Transit Grant Program, Regional Public Waterborne Transit (CTSGP-RPWT) for public transportation ferries and related facilities and services and emergency water transportation disaster recovery within the Bay Area region. As of June 30, 2023, the Authority had been awarded $245 million in Proposition 1B allocations. Unspent grant receipts are reported as unearned revenue in the accompanying financial statements.

A summary of the Authority's Proposition 1B projects for the fiscal year ended June 30, 2023 are as follows:

Project Name	Grant Allocations	Interest Applied	Expended in Fiscal Year: Prior years	Expended in Fiscal Year: 2022-23	Unearned Revenue at June 30, 2023
Preliminary Studies & Bridging Design of Redwood City, Richmond, Antioch and Martinez	$2,299,792		($2,299,792)		
Final Design for Berkeley and Hercules Terminals	220,519		(220,519)		
South San Francisco Terminal and Vessel Construction	9,617,037		(9,617,037)		
Maintenance Barge/Facility and Emergency Floats	5,686,442		(5,686,442)		
Central Bay and North Bay Maintenance Facilities	76,176,210		(75,556,696)	($5,718)	$613,795
San Francisco Berthing Expansion	61,474,530	$544,340	(62,018,870)		
WETA Ferry Vessels	73,525,470		(73,185,434)	(1,543,459)	(1,203,424)
East Bay Ferry Terminals	16,000,000		(16,000,000)		
Total	$245,000,000	$544,340	($244,584,790)	($1,549,177)	(589,629)
Add interest earned in prior years					1,102,335
Add interest earned in current year					42,325
Less interest applied to projects					(544,340)
Unearned Revenues					$10,691

NOTE 5 – MAJOR FUNDING SOURCES (Continued)

D. Measure B and Measure BB Programs

Measure B was approved by the voters of Alameda County in 2000. This measure authorized a half-cent transportation sales tax to finance improvements to the County's mass transit and road improvements. Measure B funds are to be collected for a duration of 20 years; sales tax collection began on April 1, 2002 and ended on March 31, 2022.

On November 4, 2014, the voters of Alameda County approved Measure BB, authorizing Alameda County Transportation Commission (CTC) to administer the proceeds from the extension of an existing one-half of one percent transaction and use tax scheduled to terminate on March 31, 2022 and the augmentation of the tax by one-half of one percent. The duration of the tax will be for 30 years from the initial year of collection, expiring on March 31, 2045. The tax proceeds will be used to pay for investments outlined in the 2014 Alameda County Transportation Expenditure Plan (2014 TEP).

The Authority uses Measure B and Measure BB funds for the maintenance and operations of the Alameda ferry services. During the fiscal year ended June 30, 2023, the Measure B and Measure BB program activity was as follows:

	Measure B	Measure BB
Program Revenues:		
Direct Local Program Distribution Allocation	$105,452	$1,898,188
Interest Earned - Measure B/BB Distribution		100,517
Total Measure B/BB Revenues	105,452	1,998,705
Program Expenditures:		
Construction / Capital:		
Terminal Rehabilitation - Alameda Main Street	(380,492)	
Replacement Vessel - M/V Bay Breeze		(19,174)
Engines Conversion - Gemini Class Vessels		(367,498)
Central Bay Terminal Expansion		(937)
Total Direct Local Distribution Program Expenditures	(380,492)	(387,609)
Revenue Over Expenditures/ Excess Net Change in Fund Balance	(275,040)	1,611,096
Fund Balance:		
Beginning Fund Balance	2,607,182	2,674,002
Ending Fund Balance	$2,332,142	$4,285,098
Reserves:		
Restricted for Measure B and Measure BB programs and projects	$2,332,142	$4,285,098
Unspent Funds as of the End of the Year:	$2,332,142	$4,285,098

NOTE 5 – MAJOR FUNDING SOURCES (Continued)

E. State Transit Assistance – State of Good Repair (STA-SGR)

The Road Repair and Accountability Act of 2017, Senate Bill 1 (SB 1), signed by the Governor on April 28, 2017, includes a program that will provide additional revenues for transit infrastructure repair and service improvements. This investment in public transit will be referred to as the State of Good Repair (SGR) program. This program provides funding of approximately $105 million annually to the State Transit Assistance (STA) Account. These funds are to be made available for eligible transit maintenance, rehabilitation and capital projects. Funds are distributed by formula on a population basis in the region and on a revenue basis.

During the fiscal year, the Authority received $308,100 in SGR funding and incurred $500,691 SGR expenditures. The Authority recorded a balance of unspent SGR proceeds and interest of $795,398 as of June 30, 2023. Total funding allocated to the Authority since inception, as of June 30, 2023, is $1,700,783.

Program Fund Balance - FY2021-22	$956,240
Program Revenues:	
Allocation Received - FY2022-23	308,100
Interest Earned	31,749
Total Program Revenues	339,849
Program Expenditures:	
Terminal Dredging - Vallejo	(300,000)
Vessel Replacement - M/V Bay Breeze	(200,691)
Total Program Expenditures	(500,691)
Ending Program Fund Balance	$795,398

F. Low Carbon Transit Operations Program (LCTOP)

The Low Carbon Transit Operations Program (LCTOP) is one of several programs funded by auction proceeds from the California Air Resource Board's Cap-and-Trade Program. LCTOP receives a five percent continuous appropriation of the annual auction proceeds beginning in FY2015/16. Funding is allocated annually to public transit operators in the State based on the existing State Transit Assistance revenue based formulas. The LCTOP program provides operating and capital assistance for transit agencies to reduce greenhouse gas (GHG) emissions and improve mobility, with a priority on serving disadvantaged communities.

During the fiscal year, the Authority received $665,696 in LCTOP funding and incurred $0 LCTOP expenditures. Total funding allocated from the LCTOP program to the Authority is $2,488,431 as of June 30, 2023. The Authority recorded a balance of unspent LCTOP funding and interest of $1,919,087 as of June 30, 2023.

NOTE 5 – MAJOR FUNDING SOURCES (Continued)

G. Federal Funding Programs

The majority of federal funds received and utilized by the Authority to support its annual capital program are Federal Section 5307 Urbanized Area Formula Grants and Section 5337 State of Good Repair Grants programmed annually by the Metropolitan Transportation Commission (MTC) and secured through direct grant applications and contracts with the Federal Transit Administration (FTA). These funds are currently available to support high priority capital rehabilitation and replacement projects. The Authority also receives Federal Highway Administration (FHWA) Ferry Boat Program funds and is eligible to receive FTA Passenger Ferry Grant Program funds for the construction of ferry boat and ferry terminal facilities. In fiscal year 2023, the Authority utilized $9,188,284 in federal funds for ferry service-related capital projects.

The American Rescue Plan Act of 2021 (ARP) provided supplemental funding to transit agencies to help prevent, prepare for, and respond to the COVID-19 pandemic. The total amount made available to each agency was based on funding appropriated under the Acts and metrics developed by MTC. A second allocation was provided to agencies on a competitive basis based on need. In fiscal year 2023, the Authority utilized a total of $25,413,835 from this funding sources to support operating expenses during continued impact from the COVID-19 pandemic.

The Authority also receives smaller sums related to non-recurring program expenses that are detailed in its federal Single Audit report.

NOTE 6 – LEASE OBLIGATIONS

A. Port of San Francisco

The Authority and Port of San Francisco entered into a lease agreement on December 1, 2011. The agreement allows the Authority to lease three parcels for office space, nonexclusive apron space and the exclusive use of lay berth area for ferry berthing. The annual lease payment is $244,170 and each parcel amount is subject to a 3% annual adjustment with a minimum adjustment of $0.01 (1 cent). On September 29, 2016, the Authority and the Port of San Francisco entered into a new lease extending the original lease by 5 years, that expired on November 30, 2021. On August 26, 2021, the Authority and the Port of San Francisco entered into a new lease extending the original lease by 5 years at a reduced rate, and expires on November 30, 2026. The annual lease payment is $306,948, and each parcel is subject to a 3% annual adjustment with a minimum adjustment of $0.01 (1 cent).

NOTE 6 – LEASE OBLIGATIONS (Continued)

B. Lennar Mare Island, LLC

The Authority and Lennar Mare Island entered into a lease agreement on April 22, 2013. The agreement allows the Authority to lease facilities for the purposes of continued ferry maintenance operations at the Temporary Ferry Facility Area and Permanent Ferry Facility Area. The Authority is obligated to make monthly payments for the Temporary Ferry Facility Area and Permanent Ferry Facility Area of $9,000 and $2,500, respectively. The Permanent Ferry Facility Area shall increase the monthly base rent by 2.5% over the prior year's base rent amount on an annual basis. The lease expires after 50 years.

C. City of Alameda

The Authority and the City of Alameda entered into a lease agreement on February 15, 2015. The agreement allows the Authority to lease facilities for the Central Bay Operations and Maintenance Facility. The Authority is obligated to make monthly base rent payments equal to $5,125, adjusted annually by the Consumer Price Index Rent Adjustment, and expires after 60 years.

D. City of Richmond

The Authority and the City of Richmond entered into a lease agreement on August 24, 2017. The agreement allows the Authority to lease landside and waterside facilities for the Richmond ferry service. The Authority is obligated to make an annual base rent payment of $1. The lease expires on August 31, 2027.

NOTE 7 – RISK MANAGEMENT

The Authority purchased the following insurance policy coverage for fiscal year 2023:

Type of Coverage	Limit	Deductible
General liability	$1,000,000 to 3,000,000	$2,500
Workers compensation	1,000,000	N/A
Public officials management & Employment practices liability	3,000,000	5,000 to 25,000
Crime Insurance	1,000,000	2,500
Type of Coverage (related to Ferry Services)		
Marine commercial liability, Terminal operators liability and Wharfingers liability	$1,000,000 to 3,000,000	$2,500
Property Insurance	193,725,290	50,000 to 250,000
Excess marine liability	24,000,000	N/A

There were no claims in excess of insured amounts during the past three years.

NOTE 8 – NET POSITION

Net Position

Net Position is the excess of all the Authority's assets and deferred outflows of resources over all its liabilities and deferred inflows, regardless of fund. The Authority's Net Position is reported under the captions described below:

Net Investment in Capital Assets is the current net book value of the Authority's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes unexpended Measure B revenues, unexpended Measure BB revenues and Alameda Local Property Tax/Assessments.

Unrestricted describes the portion of Net Position which may be used for any Authority purpose.

NOTE 9 – PENSION PLAN

A. Plan Descriptions and Summary of Balances by Plan

Plan Descriptions – The Authority has three defined benefit pension plans, a Miscellaneous Plan (Plan), a Water Emergency Transportation Authority Plan and Replacement Benefit Plan. The Miscellaneous Plan is a public agency cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). The Water Emergency Transportation Authority Plan and Replacement Benefit Plan are both Single Employer Plan administered by the Authority. Benefit provisions under the Plans are established by State statute and Authority Ordinance.

Miscellaneous Plan – The Plan is administered by the California Public Employees' Retirement System ("CalPERS"). Benefit provisions under the Plans are established by State statute and Authority resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Water Emergency Transportation Authority Plan and Replacement Benefit Plan – These plans were implemented on September 5, 2019 and are closed to new participants hired after January 1, 2013. These plans are separate from CalPERS and are established as a 401(a) Defined Benefit Plan. Both plans are administered by the Authority.

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office or the Trust. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 9 – PENSION PLAN (Continued)

Below is a summary of the deferred outflows of resources, net pension liabilities and deferred inflows of resources by plan:

Plan	Deferred Outflows of Resources	Net Pension Liability/ Proportionate Share of Net Pension Liability	Deferred Inflows of Resources
CalPERS Plans:			
Miscellaneous	$1,037,217	$749,190	$722,811
Water Emergency Transportation Authority Plan	433,343	562,676	
Replacement Benefit Plan	28,048	89,693	
	$1,498,608	$1,401,559	$722,811

Each plan is discussed in detail below.

B. *General Information about the CalPERS Pension Plans*

Plan Description – All qualified permanent and probationary employees are eligible to participate in the Authority's Miscellaneous Employee Pension Rate Plan. The Authority's Miscellaneous Rate Plan is part of the public agency cost-sharing multiple-employer defined benefit pension plan, which is administered by the California Public Employees' Retirement System (CalPERS). The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. Benefit provisions under the Plan are established by State statute and Board resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 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.

NOTE 9 – PENSION PLAN (Continued)

The Plan's provisions and benefits in effect at June 30, 2023 are summarized as follows:

	Miscellaneous	
Hire date	Tier 1 - Prior to January 1, 2013	Tier 2 - 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 - 67
Monthly benefits, as a % of eligible compensation	2.0% - 2.5%	1.0% - 2.5%
Required employee contribution rates	8.00%	6.75%
Required employer contribution rates	12.21%	7.47%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis.

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority's is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2023, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous
	Tier I & Tier II
Contributions - employer	$310,937
Contributions - employee (paid by employer)	219,511

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 9 – PENSION PLAN (Continued)

As of June 30, 2023, the Authority reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	$749,190
Total Net Pension Liability (Asset)	$749,190

The Authority's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's proportionate share of the net pension liability for the Plan as of June 30, 2021 and 2022 was as follows:

	Miscellaneous
Proportion - June 30, 2021	-0.0512%
Proportion - June 30, 2022	0.0160%
Change - Increase (Decrease)	0.067211%

For the year ended June 30, 2023, the Authority recognized a pension expense of $2,255,391. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after the measurement date	$310,937	
Differences between actual and expected experience	15,045	($10,077)
Changes in assumptions	76,770	
Net differences in actual contributions and proportionate contributions		(289,805)
Net differences between projected and actual earnings on pension plan investments	137,232	
Adjustments due to changes in proportion	497,233	(422,929)
Total	$1,037,217	($722,811)

NOTE 9 – PENSION PLAN (Continued)

Deferred outflows of $310,937 related to contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Miscellaneous	
Year Ended June 30	Annual Amortization
2024	$81,941
2025	(12,981)
2026	(149,427)
2027	83,936
Total	$3,469

Actuarial Assumptions – For the measurement period ended June 30, 2022, the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. The June 30, 2021 and June 30, 2022 total pension liability was based on the following actuarial methods and assumptions:

	Miscellaneous
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
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 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

NOTE 9 – PENSION PLAN (Continued)

All other actuarial assumptions used in the June 30, 2021 valuation were based on the results of a November 2021 actuarial experience study for the period 2001 to 2019, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

Discount Rate – The discount rate used to measure the total pension liability for the Plan was 6.90%. The projection of cash flows used to determine the discount rate for each Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of 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. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

The expected real rate of return by asset class are as follows:

Asset Class (1)	Assumed Asset Allocation	Real Return 1,2
Global Equity-Cap Weighted	30.0%	4.54%
Global Equity-Non-Cap Weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	100%	

(1) An expected inflation of 2.30% used for this period.
(2) Figures are based on the 2021 Asset Liability Management study.

NOTE 9 – PENSION PLAN (Continued)

Sensitivity of the Proportionate Share of the Net Pension Asset to Changes in the Discount Rate The following presents the Authority's proportionate share of the net pension asset for the Plan, calculated using the discount rate for the Plan, as well as what the Authority's proportionate share of the net pension 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 rate:

	Miscellaneous
1% Decrease	5.90%
Net Pension Liability (Asset)	$2,263,242
Current Discount Rate	6.90%
Net Pension Liability (Asset)	$749,190
1% Increase	7.90%
Net Pension Liability (Asset)	($496,498)

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

C. General Information about the Water Emergency Transportation Authority Retirement Plan and the Water Emergency Transportation Authority Replacement Benefit Pension Plans

Plan Description – In September 2019, the Authority's Board of Directors (Board) adopted the San Francisco Bay Area Water Emergency Transportation Authority Retirement Plan (Retirement Plan), the San Francisco Bay Area Water Emergency Transportation Authority Replacement Benefits Plan (Replacement Benefits Plan) and related Trust Agreements to restructure funding of the Authority's existing longevity stipend benefits. The Board also authorized staff to take actions to support the implementation of these plans, which provide monthly stipend to eligible retirees to support medical costs in retirement. Both Plans are single-employer covered plans administered by the Authority.

Benefits Provided – The Retirement Plan and Replacement Benefit Plan provides Longevity Stipend benefits for eligible employees who were hired prior to January 1, 2013.

Employees Covered by Benefit Terms – Membership in the Retirement Plan consisted of the following at the measurement date of June 30, 2023:

Active plan members	5
Inactive employees or beneficiaries currently receiving benefit payments	3
Total	8

NOTE 9 – PENSION PLAN (Continued)

Employees Covered by Benefit Terms – Membership in the Replacement Benefit Plan consisted of the following at the measurement date of June 30, 2023:

Inactive employees or beneficiaries currently receiving benefit payments	1
Total	1

Actuarial Methods and Assumptions – The Authority's net pension liability was measured as of June 30, 2023 and the total Pension liability used to calculate the net pension liability was determined by an actuarial valuation dated June 30, 2021, based on the following actuarial methods and assumptions for, both the Retirement Plan and Replacement Benefit Plan, respectively:

	Retirement Plan
Valuation Date	June 30, 2021
Measurement Date	June 30, 2023
Contribution Policy	Authority contributes full ADC
Actuarial Assumptions:	
Discount Rate	5.50%
Long-Term Net Rate of Return	5.50%
Inflation	2.50%
Salary Increases	Aggregate - 2.75% annually CalPERS 1997-2015 Experience Study
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2020
Participation at Retirement	PEMHCA - 100% Non-PEMHCA - 0%
Medical Trend	Non-Medicare - 6.5% for 2023, decreasing to an ultimate rate of 3.75% in 2076
PEMHCA Minimum Increases	3.75%

NOTE 9 – PENSION PLAN (Continued)

	Replacement Benefit Plan
Valuation Date	June 30, 2021
Measurement Date	June 30, 2023
Contribution Policy	Authority contributes full ADC
Actuarial Assumptions:	
Discount Rate	5.50%
Long-Term Net Rate of Return	5.50%
Inflation	2.50%
Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2020
Medical Trend	Non-Medicare - 6.5% for 2023, decreasing to an ultimate rate of 3.75% in 2076
PEMHCA Minimum Increases	3.75%

The long-term expected rate of return on Retirement Plan and Replacement Benefit 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. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	45%	4.56%
Fixed Income	50%	0.78%
REITs	3%	4.06%
Cash	2%	-0.50%
Total	100%	
Assumed Long-Term Rate of Inflation		2.50%
Assumed Long-Term Net Rate of Return, Rounded		5.50%

NOTE 9 – PENSION PLAN (Continued)

Discount Rate – The discount rate used to measure the total Pension liability was 5.50%. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Pension plan's fiduciary net position was projected to be available to make all projected pension payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on Pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

The changes in the net pension liability for the Retirement Plan is as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at June 30, 2022 (June 30, 2022 measurement date)	$2,262,189	$1,486,459	$775,730
Changes Recognized for the Measurement Period:			
Service cost	58,212		58,212
Interest	126,554		126,554
Benefit changes			-
Difference between expected and actual experience			-
Changes of assumptions			-
Contributions from the employer		270,491	(270,491)
Net investment income		137,329	(137,329)
Benefit payments and refunds	(38,828)	(38,828)	-
Administrative expenses		(10,000)	10,000
Net Changes	145,938	358,992	(213,054)
Balance at June 30, 2023 (June 30, 2023 measurement date)	$2,408,127	$1,845,451	$562,676

NOTE 9 – PENSION PLAN (Continued)

The changes in the net Pension liability for the Replacement Benefit Plan is as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at June 30, 2022 (June 30, 2022 measurement date)	$417,834	$291,798	$126,036
Changes Recognized for the Measurement Period:			
Service cost			-
Interest	22,605		22,605
Benefit changes			-
Difference between expected and actual experience			-
Changes of assumptions			-
Contributions from the employer		44,224	(44,224)
Net investment income		24,724	(24,724)
Benefit payments and refunds	(13,686)	(13,686)	-
Administrative expenses		(10,000)	10,000
Net Changes	8,919	45,262	(36,343)
Balance at June 30, 2023 (June 30, 2023 measurement date)	$426,753	$337,060	$89,693

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

The following presents the net Pension liability of the Authority for both Retirement Plan and Replacement Benefits Plan, respectively, as well as what the Authority's net Pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.50%) or 1-percentage-point higher (6.50%) than the current discount rate:

	Retirement Plan's Net Pension Liability		
	Discount Rate -1% (4.50%)	Current Discount Rate (5.50%)	Discount Rate +1% (6.50%)
Net Pension Liability	$1,009,576	$562,676	$207,323

	Replacement Benefit Plan's Net Pension Liability		
	Discount Rate -1% (4.50%)	Current Discount Rate (5.50%)	Discount Rate +1% (6.50%)
Net Pension Liability	$158,324	$89,693	$34,436

NOTE 9 – PENSION PLAN (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pension

For the year ended June 30, 2023, the Authority recognized Pension expense of $205,952 related to the Retirement Plan. At June 30, 2023, the Authority reported deferred outflows and inflows of resources related to Pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$236,422	
Changes in assumptions	57,420	
Net difference between projected and actual earnings on plan investments	139,501	
Total	$433,343	$0

For the year ended June 30, 2023, the Authority recognized Pension expense of $24,078 related to the Replacement Benefit Plan. At June 30, 2023, the Authority reported deferred outflows and inflows of resources related to Pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	$28,048	
Total	$28,048	$0

NOTE 9 – PENSION PLAN (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to Pension will be recognized as part of Pension expense as follows:

Retirement Plan	
Measurement Period Ended June 30	Annual Amortization
2024	$103,160
2025	103,158
2026	122,158
2027	50,897
2028	53,970
Total	$433,343

Replacement Benefit Plan	
Measurement Period Ended June 30	Annual Amortization
2024	$8,557
2025	8,555
2026	12,464
2027	(1,528)
Total	$28,048

NOTE 10 – POSTEMPLOYMENT HEALTH CARE BENEFITS

A. General Information about the Authority's Other Post Employment Benefit (OPEB) Plan

Plan Description – The Authority's Post Employment Benefit Plan San Francisco Bay Area Water Emergency Transportation Authority Retiree Healthcare Plan is an agent multiple-employer defined benefit OPEB plan. By Board resolution, the Authority provides certain health care benefits for retired employees (spouse and dependents are not included) under third-party insurance plans.

Benefits Provided – The Authority pays the minimum of PEMHCA community rated plans for retired employees' medical premiums, in which the benefits continue to the surviving spouse. The Authority will also provide a longevity stipend for retired employees who have at least 10 years of service, by paying up to the PERS Care single premium for single coverage only.

For the year ended June 30, 2023, the Authority's contributions to the Plan were $18,574.

NOTE 10 – POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2023:

Active plan members	18
Inactive employees or beneficiaries currently receiving benefit payments	4
Inactive employees entitled to but not yet receiving benefit payments	5
Total	27

B. *Net OPEB Asset*

Actuarial Methods and Assumptions – The Authority's net OPEB asset was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation dated June 30, 2021, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	June 30, 2021
Measurement Date	June 30, 2023
Actuarial Assumptions:	
Discount Rate	6.25%
Long-Term Net Rate of Return	6.25%
Inflation	2.50%
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 experience study
Mortality Improvement	Scale MP-2020
Medical Trend	-Non-Medicare - 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years -Medicare (None Kaiser) - 5.85% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years -Medicare (Kaiser) - 4.75% for 2022, decreasing

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

NOTE 10 – POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	49%	4.56%
Fixed Income	23%	1.56%
TIPS	5%	-0.08%
Commodities	3%	1.22%
REITs	20%	4.06%
Total	100%	
Assumed Long-Term Rate of Inflation		2.50%
Assumed Long-Term Net Rate of Return, Rounded		6.25%

Discount Rate **–** The discount rate used to measure the total OPEB liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that Authority 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 and beneficiaries. 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. Changes in Net OPEB Liability (Asset)

The changes in the net OPEB liability (asset) follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability/(Asset) (c) = (a) - (b)**
Balance at June 30, 2022 (June 30, 2022 measurement date)	$759,286	$1,283,314	($524,028)
Changes Recognized for the Measurement Period:			
Service cost	140,304		140,304
Interest	55,647		55,647
Contributions from the employer		18,574	(18,574)
Net investment income		82,429	(82,429)
Benefit payments and refunds	(18,448)	(18,448)	
Administrative expenses		(767)	767
Net Changes	177,503	81,788	95,715
Balance at June 30, 2023 (June 30, 2023 measurement date)	$936,789	$1,365,102	($428,313)

NOTE 10 – POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued plan financial report that may be obtained from CERBT. The benefit payments and refunds include implied subsidy benefit payments in the amount of $11,240.

D. Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the net OPEB asset of the Authority, as well as what the Authority's net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current discount rate:

	Plan's Net OPEB Liability/(Asset)		
	Discount Rate -1% (5.25%)	Current Discount Rate (6.25%)	Discount Rate +1% (7.25%)
Net OPEB Liability/(Asset)	($248,717)	($428,313)	($570,709)

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

	Plan's Net OPEB Liability/(Asset)		
	Decrease -1%	Current Healthcare Cost Trend Rates	Increase +1%
Net OPEB Liability/(Asset)	($617,407)	($428,313)	($175,193)

E. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the Authority recognized OPEB expense of $103,842. At June 30, 2023, the Authority reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience		$247,102
Changes in assumptions	$23,919	3,872
Net difference between projected and actual earnings on plan investments	99,357	
Total	$123,276	$250,974

NOTE 10 – POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Measurement Period Ended June 30	Annual Amortization
2024	($11,265)
2025	(11,810)
2026	27,398
2027	(32,278)
2028	(29,967)
Thereafter	(69,776)
Total	($127,698)

NOTE 11 – COMMITMENTS AND CONTINGENCIES

The Authority participates in Federal and State and local grant programs. These programs have been audited by the Authority's independent auditors, in accordance with the provisions of the Federal Single Audit Act as amended and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The Authority expects such amounts, if any, to be immaterial.

At June 30, 2023, the Authority had made commitments for the following projects:

Purchase New Commuter Class High-Speed Vessel	$2,777,499
Purchase Replacement Vessel - MV Bay Breeze & MV Vallejo	24,227,535
Vessel Engine & Reduction Gear Overhaul Services	2,374,760
Gemini Engines Conversion	119,403
South San Francisco Float Refurbishment	15,162
Electric Vessel and Infrastructure	159,196
Alameda Main Street Project	7,197,041
Vallejo Terminal Reconfiguration	305,260
Total	$37,175,856

REQUIRED SUPPLEMENTARY INFORMATION

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SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

San Francisco Water Emergency Transportation Authority's Miscellaneous Plan,
a Cost-Sharing Multiple-Employer Defined Pension Plan
As of fiscal year ending June 30, 2023
Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022
Plan's Proportion of the Net Pension Liability/(Asset)	0.010204%	0.016026%	0.011107%	0.007533%	-0.002877%	0.002546%	0.006478%	-0.015118%	0.016011%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$748,940	$439,655	$385,835	$296,963	($108,435)	$101,947	$273,245	($971,774)	$749,190
Plan's Covered Payroll	$1,217,627	$1,363,751	$1,453,752	$1,597,597	$1,744,351	$1,890,469	$2,184,929	$2,113,621	$2,382,444
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of it's Covered-Employee Payroll	61.51%	32.24%	26.54%	18.59%	-6.22%	5.39%	12.51%	-45.98%	31.45%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	81.15%	79.89%	75.87%	75.39%	77.69%	77.73%	81.14%	90.49%	76.68%

* Fiscal year 2015 was the 1st year of implementation

San Francisco Water Emergency Transportation Authority's Miscellaneous Plan,
a Cost-Sharing Multiple-Employer Defined Pension Plan
As of fiscal year ending June 30, 2023
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended:	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Actuarially determined contribution	$222,396	$434,477	$391,333	$516,162
Contributions in relation to the actuarially determined contributions	(222,396)	(434,477)	(391,333)	(516,162)
Contribution deficiency (excess)	$0	$0	$0	$0
Covered payroll	$1,363,751	$1,453,752	$1,597,597	$1,744,351
Contributions as a percentage of covered payroll	16.31%	29.89%	24.50%	29.59%
Notes to Schedule				
Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016
Methods and assumptions used to determine contribution rates:				
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Remaining amortization period	30 years	30 years	30 years	30 years
Asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market
Inflation	2.75%	2.75%	2.75%	2.75%
Salary increases	Varies by Entry Age and Service	Varies by Entry Age and Service	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment rate of return	7.5%, net of pension plan investment and administrative expenses, including inflation	7.5%, net of pension plan investment and administrative expenses, including inflation	7.65%, net of pension plan investment and administrative expenses, including inflation	7.15%, net of pension plan investment and administrative expenses, including inflation
Retirement age	55 yrs. Misc., 62 yrs. Tier 2	55 yrs. Misc., 62 yrs. Tier 2	55 yrs. Misc., 62 yrs. Tier 2	55 yrs. Misc., 62 yrs. Tier 2
Mortality	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2010 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale AA.	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2010 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale AA.	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2014 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB.	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2014 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB.

* Fiscal year 2015 was the 1st year of implementation.

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

San Francisco Water Emergency Transportation Authority's Miscellaneous Plan,

a Cost-Sharing Multiple-Employer Defined Pension Plan
As of fiscal year ending June 30, 2023

Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended:	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
Actuarially determined contribution	$202,432	$245,274	$254,421	$268,997	$310,937
Contributions in relation to the actuarially determined contributions	(202,432)	(245,274)	(254,421)	(268,997)	(310,937)
Contribution deficiency (excess)	$0	$0	$0	$0	$0
Covered payroll	$1,890,469	$2,184,929	$2,113,621	$2,382,444	$2,789,055
Contributions as a percentage of covered payroll	10.71%	11.23%	12.04%	11.29%	11.15%
Notes to Schedule					
Valuation date:	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Remaining amortization period	30 years	30 years	30 years	30 years	30 years
Asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%
Salary increases	Varies by Entry Age and Service	Varies by Entry Age and Service	Varies by Entry Age and Service	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment rate of return	7.15%, net of pension plan investment and administrative expenses, including inflation	7.15%, net of pension plan investment and administrative expenses, including inflation	7.15%, net of pension plan investment and administrative expenses, including inflation	7.15%, net of pension plan investment and administrative expenses, including inflation	7.15%, net of pension plan investment and administrative expenses, including inflation
Retirement age	55 yrs. Misc., 62 yrs. Tier 2	55 yrs. Misc., 62 yrs. Tier 2	55 yrs. Misc., 62 yrs. Tier 2	55 yrs. Misc., 62 yrs. Tier 2	55 yrs. Misc., 62 yrs. Tier 2
Mortality	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2017 CalPERS Experience Study. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016..	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2017 CalPERS Experience Study. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016..	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2017 CalPERS Experience Study. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016..	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2017 CalPERS Experience Study. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016..	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2017 CalPERS Experience Study. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016..

* Fiscal year 2015 was the 1st year of implementation.

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
For the Year Ended June 30, 2023

Last Ten Fiscal Years *

Retirement Plan
Single Employer Plan

Measurement Date	June 30, 2021	June 30, 2022	June 30, 2023
Total Pension liability			
Service cost	$193,544	$93,700	$58,212
Interest	181,668	105,776	126,554
Benefit changes	-	-	-
Differences between expected and actual experience	-	332,922	-
Assumption changes	-	80,856	-
Benefit payments	(15,107)	(40,579)	(38,828)
Changes of benefit terms	-	-	-
Net change in total Pension liability	360,105	572,675	145,938
Total Pension liability - beginning	1,329,409	1,689,514	2,262,189
Total Pension liability - ending (a)	$1,689,514	$2,262,189	$2,408,127
Pension fiduciary net position			
Contributions - employer	$1,635,933	$0	$270,491
Contributions - employee	-	-	-
Net investment income	173,135	(250,700)	137,329
Benefit payments	(15,107)	(40,579)	(38,828)
Administrative expense	(6,223)	(10,000)	(10,000)
Other changes	-	-	-
Net change in plan fiduciary net position	1,787,738	(301,279)	358,992
Plan fiduciary net position - beginning	-	1,787,738	1,486,459
Plan fiduciary net position - ending (b)	$1,787,738	$1,486,459	$1,845,451
Plan net Pension liability (asset) - ending (a) - (b)	($98,224)	$775,730	$562,676
Plan fiduciary net position as a percentage of the total Pension liability	105.81%	65.71%	76.63%
Covered payroll	$1,209,976	$810,595	$1,146,072
Plan net Pension liability as a percentage of covered payroll	-8.10%	95.70%	49.10%

*Fiscal year 2021 was the 1st year of implementation.

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF CONTRIBUTIONS
For the Year Ended June 30, 2023

Last Ten Fiscal Years *
Retirement - Single Employer Plan

Fiscal Year:	2020-2021	2021-2022	2022-2023
Actuarially determined contribution	$124,700	$100,839	$100,504
Contributions in relation to the actuarially determined contribution	1,635,933	-	270,491
Contribution deficiency (excess)	($1,511,233)	$100,839	($169,987)
Covered payroll	$1,209,976	$810,595	$1,146,072
Contributions as a percentage of covered payroll	135.20%	0.00%	23.60%

*Fiscal year 2021 was the 1st year of implementation.

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2019	June 30, 2019	June 30, 2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level percentage of pay	Level percentage of pay	Level percentage of pay
Discount Rate	6.00%	6.00%	5.50%
General Inflation	2.75%	2.75%	2.50%
Mortality, Retirement, Termination & Disability	CalPERS 1997-2015 experience study	CalPERS 1997-2015 experience study	CalPERS 1997-2015 experience study
Mortality Improvement	Scale MP-2019	Scale MP-2019	Scale MP-2020

*Fiscal year 2021 was the 1st year of implementation.

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
For the Year Ended June 30, 2023

Last Ten Fiscal Years *

Replacement Benefits Plan
Single Employer Plan

Measurement period	June 30, 2021	June 30, 2022	June 30, 2023
Total Pension liability			
Service cost	$33,022	$11,782	$0
Interest	39,018	21,721	22,605
Benefit changes	-	-	-
Differences between expected and actual experience	-	28,639	-
Assumption changes	-	12,513	-
Benefit payments	(6,473)	(14,110)	(13,686)
Changes of benefit terms	-	-	-
Net change in total Pension liability	65,567	60,545	8,919
Total Pension liability - beginning	291,722	357,289	417,834
Total Pension liability - ending (a)	$357,289	$417,834	$426,753
Pension fiduciary net position			
Contributions - employer	$327,270	$14,110	$44,224
Contributions - employee	-	-	-
Net investment income	36,420	(49,196)	24,724
Benefit payments	(6,473)	(14,110)	(13,686)
Administrative expense	(6,223)	(10,000)	(10,000)
Other changes	-	-	-
Net change in plan fiduciary net position	350,994	(59,196)	45,262
Plan fiduciary net position - beginning	-	350,994	291,798
Plan fiduciary net position - ending (b)	$350,994	$291,798	$337,060
Plan net Pension liability (asset) - ending (a) - (b)	$6,295	$126,036	$89,693
Plan fiduciary net position as a percentage of the total Pension liability	98.24%	69.84%	78.98%
Covered payroll	$162,225	$0	$0
Plan net Pension liability as a percentage of covered payroll	3.90%	N/A	N/A

*Fiscal year 2021 was the 1st year of implementation.

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF CONTRIBUTIONS
For the Year Ended June 30, 2023

Last Ten Fiscal Years *
Replacement Benefits Plan

Fiscal Year:	2021-2022	2022-2023
Actuarially determined contribution	$14,943	$15,079
Contributions in relation to the actuarially determined contribution	14,110	44,224
Contribution deficiency (excess)	$833	($29,145)
Covered payroll	$0	$0
Contributions as a percentage of covered payroll	N/A	N/A

*Fiscal year 2021 was the 1st year of implementation.

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level percentage of pay	Level percentage of pay
Discount Rate	5.50%	5.50%
General Inflation	2.50%	2.50%
Mortality, Retirement, Termination & Disability	CalPERS 1997-2015 experience study	CalPERS 1997-2015 experience study
Mortality Improvement	Scale MP-2020	Scale MP-2020

*Fiscal year 2021 was the 1st year of implementation.

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS
For the Year Ended June 30, 2023

Last Ten Fiscal Years *

Other Post-Employment Benefits (OPEB)
Agent Multiple Employer Plan

Measurement period	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Total OPEB liability						
Service cost	$67,000	$69,097	$71,170	$222,993	$130,914	$140,304
Interest	44,000	49,653		96,368	64,597	55,647
Benefit changes			(318,925)			
Differences between expected and actual experience			(69,195)		(265,379)	
Assumption changes			29,188	(5,747)	10,493	
Benefit payments	(10,000)	(11,000)	(7,919)	(21,366)	(14,826)	(18,448)
Changes of benefit terms			57,170			
Net change in total OPEB liability	101,000	107,750	(238,511)	292,248	(74,201)	177,503
Total OPEB liability - beginning	571,000	672,000	779,750	541,239	833,487	759,286
Total OPEB liability - ending (a)	$672,000	$779,750	$541,239	$833,487	$759,286	$936,789
OPEB fiduciary net position						
Contributions - employer	$194,000	$88,000	$91,319	$180,327	$14,916	$18,574
Contributions - employee						
Net investment income	50,000	55,796	54,997	336,991	(198,327)	82,429
Benefit payments	(10,000)	(11,000)	(7,919)	(21,366)	(14,826)	(18,448)
Administrative expense		(1,335)	(229)	(1,220)	(810)	(767)
Other changes						
Net change in plan fiduciary net position	234,000	131,461	138,168	494,732	(199,047)	81,788
Plan fiduciary net position - beginning	484,000	718,000	849,461	987,629	1,482,361	1,283,314
Plan fiduciary net position - ending (b)	$718,000	$849,461	$987,629	$1,482,361	$1,283,314	$1,365,102
Plan net OPEB liability (asset) - ending (a) - (b)	($46,000)	($69,711)	($446,390)	($648,874)	($524,028)	($428,313)
Plan fiduciary net position as a percentage of the total OPEB liability	106.85%	108.94%	182.48%	177.85%	169.02%	145.72%
Covered payroll	$1,598,000	$1,746,000	$1,890,469	$2,185,976	$2,113,620	$2,281,712
Plan net OPEB liability as a percentage of covered	N/A	N/A	N/A	N/A	N/A	N/A

*Fiscal year 2018 was the 1st year of implementation.

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF CONTRIBUTIONS
For the Year Ended June 30, 2023

Last Ten Fiscal Years *
Other Post-Employment Benefits (OPEB) - Agent Multiple Employer Plan

Fiscal Year:	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Actuarially determined contribution	$74,000	$83,354	$69,147	$85,500	$76,610	$78,784
Contributions in relation to the actuarially determined contribution	88,000	91,319	82,310	98,017	14,916	18,574
Contribution deficiency (excess)	($14,000)	($7,965)	($13,163)	($12,517)	$61,694	$60,210
Covered payroll	$1,746,000	$1,890,469	$2,185,976	$2,113,620	$2,281,712	$2,787,675
Contributions as a percentage of covered payroll	5.04%	4.83%	3.77%	4.64%	0.65%	0.67%

*Fiscal year 2018 was the 1st year of implementation.

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Valuation Date	June 30, 2017	June 30, 2017	June 30, 2019	June 30, 2019	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level percentage of pay	Level percentage of pay	Level percentage of pay	Level percentage of pay	Level percentage of pay	Level percentage of pay
Actuarial Value of Assets	Investment gains and losses spread over 5- year rolling period Not less than 80% not more than 120% of the Market Value of Assets	Investment gains and losses spread over 5- year rolling period	Investment gains and losses spread over 5- year rolling period	Investment gains and losses spread over 5- year rolling period	Investment gains and losses spread over 5- year rolling period	Investment gains and losses spread over 5- year rolling period
Discount Rate	6.75%	6.75%	6.75%	6.75%	6.75%	6.25%
General Inflation	2.75%	2.75%	2.75%	2.75%	2.50%	2.50%
Aggregate Payroll Increases	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Medical Trend	Non-Medicare - 7.0% for 2017/18, decreasing to an ultimate rate of 5.5% in 2020/21 Medicare - 7.2% for 2017/18, decreasing to an ultimate rate of 5.6% in 2020/21	Non-Medicare - 7.0% for 2019, decreasing to an ultimate rate of 4% in 2076 Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4% in 2076	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4% in 2076 Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4% in 2076	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4% in 2076 Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4% in 2076	-Non-Medicare - 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years -Medicare (None Kaiser) - 5.85% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years -Medicare (Kaiser) - 4.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years	-Non-Medicare - 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years -Medicare (None Kaiser) - 5.85% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years -Medicare (Kaiser) - 4.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years
Mortality, Retirement, Termination & Disability	CalPERS 1997-2011 experience study	CalPERS 1997-2011 experience study	CalPERS 1997-2015 experience study	CalPERS 1997-2015 experience study	CalPERS 1997-2015 experience study	CalPERS 1997-2015 experience study
Mortality Improvement	Scale MP-2017	Scale MP-2017	Scale MP-2019	Scale MP-2019	Scale MP-2020	Scale MP-2020

*Fiscal year 2018 was the 1st year of implementation.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE WITH THE TRANSPORTATION DEVELOPMENT ACT AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
San Francisco Bay Area Water Emergency Transportation Authority
San Francisco, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the San Francisco Bay Area Water Emergency Transportation Authority (Authority), California, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 22, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. Our procedures included the applicable audit procedures contained in §6666 and §6667 of Title 21 of California Code of Regulations and tests of compliance with the applicable provisions of the Transportation Development Act and the allocation instructions and resolutions of the Metropolitan Transportation Commission. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated November 22, 2023 which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

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

This report is intended solely for the information and use of the management, Board of Directors, others within the Authority, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties; however, this restriction is not intended to limit the distribution of this report, which is a matter of public record.

Maze & Associates

Pleasant Hill, California
November 22, 2023