# SAN FRANCISCO
# BAY AREA WATER EMERGENCY
# TRANSPORTATION AUTHORITY

## BASIC FINANCIAL STATEMENTS

## FOR THE YEAR ENDED JUNE 30, 2019

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**SAN FRANCISCO BAY AREA WATER**
**EMERGENCY TRANSPORTATION AUTHORITY**
**BASIC FINANCIAL STATEMENTS**
**For the Year Ended June 30, 2019**

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## INDEPENDENT AUDITOR'S REPORT

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

***Report on the Financial Statements***

We have audited the accompanying basic financial statements of the San Francisco Bay Area Water Emergency Transportation Authority (Authority), California, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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***Opinion***

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, 2019, 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.

***Other Matters***

*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, 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 1, 2019 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 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 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 1, 2019

## 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, 2019. The information presented herein should be considered in conjunction with the accompanying financial statements.

### 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 BUSINESS

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. Effective 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 new regional 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 August 2008, 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 Bay Area regional public water transportation system. The Authority shall also provide water transportation services in response to natural or manmade disasters.*

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

> *Establish and operate a regional ferry system that connects communities, reduces congestion and provides an emergency response capability.*

Taken together, the Mission and Vision describe and characterize the Authority's multiple functional roles in the regional transportation network.

In October 2010, the Alameda City Council and the Authority Board adopted the transition agreement for the Alameda/Oakland and Alameda Harbor Bay ferry services. The transition was completed in April 2011, transforming the Authority into a transit operating entity. In October 2011, the Vallejo City Council and the Authority Board adopted the transition agreement for the Vallejo ferry service. Transition of the Vallejo ferry service was completed on July 1, 2012. In addition to operating the three routes transitioned from the cities of Alameda and Vallejo, the Authority initiated its first expansion ferry service to South San Francisco in June 2012.

All ferry services operated by the Authority are collectively branded and marketed as "San Francisco Bay Ferry."

## FINANCIAL POSITION SUMMARY

Total net position may serve as a useful indicator of the Authority's financial position. The Authority's assets and deferred outflows exceeded liabilities and deferred inflows by $439.6 million at June 30, 2019, a $76.5 million or 21% increase from June 30, 2018.

The following is a summary of the Authority's net position as of June 30, 2019 and 2018 along with a discussion of some of the most significant balances (in thousands):

| | 2019 | 2018 |
|---|---|---|
| **Assets:** | | |
| Current and other assets | $69,863 | $129,699 |
| Capital assets | 418,633 | 344,458 |
| Total assets | $488,496 | $474,157 |
| **Deferred Outflows of Resources:** | $652 | $1,288 |
| **Liabilities:** | | |
| Current liabilities | $12,714 | $18,429 |
| Unearned/deferred revenue | 36,573 | 93,219 |
| Other noncurrent liabilities | 120 | 403 |
| Total liabilities | $49,407 | $112,051 |
| **Deferred Inflows of Resources:** | $109 | $270 |
| **Net Position:** | | |
| Invested in capital assets, net of related debt | $418,633 | $344,458 |
| Restricted | 8,832 | 6,460 |
| Unrestricted | 12,167 | 12,206 |
| Total net assets | $439,632 | $363,124 |

The increase in assets was attributed to the increase of $44.8 million in capital assets. Total capital expenditures in FY2018/19 was $88.7 million and a total of $133.5 million was reclassified from construction in progress to capital assets for completed projects, including two new vessels, the new Central Bay Operations and Maintenance Facility, and the new Richmond ferry terminal.

Current liabilities consisted primarily of accounts payable. The decrease was mainly attributed to the decrease in total unpaid vendor invoices as of June 30, 2019 when compared to June 30, 2018. Unearned/deferred revenues consisted primarily of voters approved Proposition 1B (Prop 1B) grant funds. The decrease in Unearned/deferred revenues was due to the reduction in unspent Prop 1B grant receipts. The decrease in Other noncurrent liabilities was due to the decrease in net pension liability.

The largest portion of the Authority's net position (95%) represents its investment in capital assets (i.e., ferries, terminals, improvements, and equipment). These capital assets are used to provide services to its passengers. Net assets invested in capital assets increased by 22% during the year. An additional portion of the Authority's net position (2%), Restricted net position, represents resources that are subject to external restrictions imposed by grantors and contributors that restrict the use of net assets, increased $2.4 million during the year. The remaining Unrestricted net position (3%) may be used to meet ongoing obligations.

The Authority adopted the provisions of the Governmental Accounting Standards Board Statement No. 68 (GASB 68) and Statement No. 71 (GASB 71), which became effective during the fiscal year ended June 30, 2015. The implementation of GASB 68 requires the recognition of the Authority's net pension liability measured as of June 30, 2018. Pension contributions made in FY2018/19 are recognized as a Deferred outflow of resources. GASB 68 also requires the recognition of deferred inflows of resources for changes in the Authority's net pension liability that arises from other types of events. As a result, certain June 30, 2019 balances, including Deferred outflow of resource and Deferred inflow of resources, at June 30, 2019 are not comparable to the balances at June 30, 2018.

The Authority adopted the provisions of the Governmental Accounting Standards Board Statement No. 75 (GASB 75), which became effective during the fiscal year ended June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (OPEB). GASB 75 requires the Authority to include the unfunded OPEB liabilities in its financial statements.

## FISCAL YEAR 2019 FINANCIAL HIGHLIGHTS

- Fare revenues increased by $2.0 million or 10% ($22.4 million in 2019 compared to $20.4 million in 2018). This was due, in part, to the implementation of year three, of the five year fare program adopted by the Authority Board in September 2014, in which single-ride fares are increased 3% on July 1. The increase in fare revenues was also due to the 7% increase in system-wide ridership.

- Operating expenses, before depreciation, increased from $38.0 million in 2018 to $42.3 million in 2019, a change of $4.3 million. This increase was mainly attributed to the increased cost, $2.5 million, associated with the transition of the operations and maintenance of the central bay services and vessels to the new Central Bay Operations and Maintenance Facility. It is also due to the launch of the new Richmond Ferry Service, total cost from January to June 2019 was $1.7 million.

- Non-operating revenues increased from $17.6 million in 2018 to $19.9 million in 2019, an increase of $2.2 million. This increase was mainly due to the following the additional $2.9 million operating subsidies to support increased operating expenses.

- Capital contributions received in the form of grants and assistance from the Federal, State, and Local governments decreased from $105.9 million in 2018 to $91.1 million in 2019.

- Total Assets and Deferred Outflows increased by $13.7 million ($489.1 million in 2019 compared to $475.4 million in 2018) and total Liabilities and Deferred Inflows decreased by $64.8 million ($49.5 million in 2019 compared to $112.3 million in 2018), resulting in an increase of total Net Assets of $76.5 million ($439.6 million in 2019 compared to $363.1 million in 2018).

## CONSTRUCTION ACTIVITIES AND CAPITAL ACQUISITIONS

During 2019, the Authority expended $88.7 million on capital activities. (See Note 4 for further information.) This included the following major projects:

- San Francisco Berthing Expansion – Construction ($32.1 million)
- Purchase/Construction Two 445-Pax Expansion Vessels ($13.2 million)
- Richmond Ferry Terminal – Construction ($9.9 million)
- Purchase/Construct Replacement Vessel for the M/V Vallejo ($9.0 million)
- Purchase/Construct New Commuter Class Vessel ($7.3 million)
- Purchase/Construct Expansion Vessel – M/V Carina ($6.4 million)
- Dredging of the Vallejo and South San Francisco Ferry Terminals ($4.9 million)
- Central Bay Operations and Maintenance Facility – Construction ($2.5 million)
- Mid-Life Refurbishment – M/V Peralta ($2.0 million)
- Vessel Engine Overhaul – M/V Intintoli & M/V Mare Island ($880,000)

During 2019, completed projects totaling $133.5 million, an of $63.5 million over the amount completed in 2018, were closed from construction in progress to their respective capital accounts. The major completed projects included:

- Central Bay Operations and Maintenance Facility – Construction ($64.1 million)
- Purchase/Construct Replacement Vessel for the M/V Vallejo ($21.3 million)
- Richmond Ferry Terminal – Construction ($21.0 million)
- Purchase/Construct Expansion Vessel – M/V Carina ($16.7 million)
- Mid-Life Refurbishment of the M/V Peralta ($5.0 million)
- Dredging of the Vallejo and South San Francisco Ferry Terminals ($5.0 million)

## PROGRAM INITIATIVES AND OUTLOOK

The Authority will continue its efforts to support the management, operation and marketing of the current five San Francisco Bay Ferry routes: Alameda/Oakland to San Francisco, Alameda Harbor Bay to San Francisco, Alameda/Oakland to South San Francisco, Vallejo to San Francisco, and Richmond to San Francisco. Planning, administration and development efforts in the coming year will focus on:

- System development, monitoring and input on new developments such as the Oakland Athletics Howard Terminal Stadium Proposal,

- Support the development of regional and local plans such as MTC's Plan Bay Area 2050,

- Development of a Short-Range Transportation Plan, Five Year Fare Program, Hovercraft Feasibility Study, and work to further develop a Small Vessel implementation strategy,

- Continue to monitor and support project study and development activities associated with new ferry terminals and services such as the construction of Seaplane Lagoon, Pier 48.5, Treasure Island and Mission Bay,

- Continue the planning and study work for potential new terminals in Berkeley and Redwood City,
- Continue efforts to identify options and opportunities to implement new vessel emission technology for existing and future vessels,
- Continue to participate in local, regional and state emergency response exercises, meetings and discussions, and
- Develop public events for major project delivery milestones such as the acceptance of new vessels, the new Seaplane Lagoon terminal/service, Mission Bay Terminal construction groundbreaking and the opening of the Downtown San Francisco Terminal Expansion project.

## 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, 2019

| | |
|---|---|
| ASSETS | |
| Current Assets | |
| Cash and cash equivalents (Note 3) | $57,533,362 |
| Receivables: | |
| Accounts | 8,244,892 |
| Interest | 133,307 |
| Security deposit | 77,374 |
| Inventory | 93,215 |
| Prepaid expenses | 3,603,090 |
| Collective net pension asset (Note 9) | 108,435 |
| Net OPEB Asset (Note 10) | 69,711 |
| Total Current Assets | 69,863,386 |
| Capital assets, net of accumulated depreciation (Note 4): | |
| Construction in progress | 120,515,565 |
| Depreciable capital assets, net | |
| Ferries | 139,343,570 |
| Terminal development rights | 2,994,591 |
| Floats, piers and gangways | 10,171,927 |
| Ferry terminal and facilities | 145,230,566 |
| Equipment and service vehicles | 376,441 |
| Total Capital Assets | 418,632,660 |
| Total Assets | 488,496,046 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Related to pensions (Note 9) | 560,803 |
| Related to OPEB (Note 10) | 91,319 |
| Total Deferred Outflows of Resources | 652,122 |
| LIABILITIES | |
| Current Liabilities | |
| Accounts payable | 10,584,160 |
| Other accrued liabilities | 1,860,996 |
| Unearned revenue - fares | 125,712 |
| Compensated absences (Note 2C) | 143,057 |
| Total Current Liabilities | 12,713,925 |
| Noncurrent Liabilities | |
| Compensated absences (Note 2C) | 120,081 |
| Unearned revenue - State Appropriation (Note 5A) | 2,380,059 |
| Unearned revenue - Prop 1B (Note 5C) | 33,940,196 |
| Unearned revenue -STA-SGR (Note 5E) | 252,463 |
| Total Noncurrent Liabilities | 36,692,799 |
| Total Liabilities | 49,406,724 |
| DEFERRED INFLOWS OF RESOURCES | |
| Related to pensions (Note 9) | 92,921 |
| Related to OPEB (Note 10) | 16,693 |
| Total Deferred Inflows of Resources | 109,614 |
| NET POSITION (Note 8) | |
| Net investment in capital assets | 418,632,660 |
| Restricted | 8,832,002 |
| Unrestricted | 12,167,168 |
| Total Net Position | $439,631,830 |

See accompanying notes to financial statements

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

| | |
|---|---|
| OPERATING REVENUES | |
| Farebox revenue | $22,434,943 |
| Total Operating Revenues | 22,434,943 |
| PROGRAM OPERATING EXPENSES | |
| Personnel costs | 2,423,396 |
| Administrative expenses | 9,847,614 |
| Legal and consulting | 1,745,229 |
| Purchased transportation | 26,916,727 |
| Insurance premiums | 1,397,484 |
| Depreciation (Note 4) | 14,539,863 |
| Total Program Operating Expenses | 56,870,313 |
| OPERATING LOSS | (34,435,370) |
| NONOPERATING REVENUES (EXPENSE) | |
| Intergovernmental receipts | 19,595,957 |
| Other revenue | 260,580 |
| Total Nonoperating Revenues | 19,856,537 |
| CAPITAL GRANTS | 91,086,268 |
| CHANGE IN NET POSITION | 76,507,435 |
| NET POSITION - BEGINNING | 363,124,395 |
| NET POSITION - ENDING | $439,631,830 |

See accompanying notes to financial statements

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

| | |
|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from customers | $22,378,840 |
| Payments to vendors and consultants | (45,962,662) |
| Payments to or on behalf of employees | (1,526,803) |
| Net cash flows from (used for) operating activities | (25,110,625) |
| CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES | |
| Intergovernmental collections | 22,873,079 |
| Net cash flows from noncapital and related financing activities | 22,873,079 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Grant receipts used for capital activities | 33,629,123 |
| Payments for capital assets | (88,714,075) |
| Net cash flows from (used for) capital and related financing activities | (55,084,952) |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest receipts | 19,678 |
| Net cash flows from (used for) investing activities | 19,678 |
| Net cash flows | (57,302,820) |
| Cash and cash equivalents- beginning of year | 114,836,182 |
| Cash and cash equivalents - end of year | $57,533,362 |
| Reconciliation of operating loss to net cash flows from operating activities: | |
| Operating loss | ($34,435,370) |
| Depreciation | 14,539,863 |
| Change in assets and liabilities: | |
| Security deposits | 1,348 |
| Inventory | 232,768 |
| Prepaid expenses | (605,821) |
| Net OPEB asset | (23,711) |
| Net Pension asset | 405,398 |
| Accounts payable | (4,105,529) |
| Other accrued liabilities | (1,554,663) |
| Unearned fares | (56,103) |
| Compensated absences | 15,700 |
| Deferred outflows/inflows | 475,495 |
| Net cash flows used for operating activities | ($25,110,625) |

See accompanying notes to financial statements

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## 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 designated by the State Legislature to plan 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 California State Governor's Office, the State Assembly, and the State Senate subcommittees. 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, 2018 | $247,438 |
| Additions | 228,038 |
| Payments | (212,338) |
| Balance at June 30, 2019 | 263,138 |
| Due within one year | 143,057 |
| Due in more than one year | $120,081 |

### *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.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### *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.

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. Implementation of New GASB Pronouncements*

**GASB 88 - <u>Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements</u>** – The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. It requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement had no significant effect on the financial statements

## 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.

Cash and investments comprised of the following at June 30, 2019:

| Investment Type | Total |
|---|---|
| California Local Agency Investment Fund | $13,051,158 |
| ***Held by Trustees:*** | |
| Money Market Mutual Fund | 44,129,732 |
| Total Investments | 57,180,890 |
| Cash in banks and on hand | 352,472 |
| Total Cash and investments | $57,533,362 |

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

## NOTE 3 - CASH AND INVESTMENTS (Continued)

### *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 | Highest | 20% | 10% |
| Bankers Acceptances | 180 days | N/A | 40% | 30% |
| Commercial Paper - Pooled Funds | 270 Days | A/A-1 | 40% | 10% |
| Commercial Paper - Non-Pooled Funds | 270 Days | A/A-1 | 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 | 30% | No Limit |
| Placement Service Certificates of Deposit | 5 years | N/A | 30% | 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 |

## 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 173 and 41 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.

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, 2019:

| | Balance as of June 30, 2018 | Additions | Transfers/ Adjustments | Balance as of June 30, 2019 |
|---|---|---|---|---|
| Capital assets not being depreciated: | | | | |
| Construction in progress | $165,289,599 | $88,714,075 | ($133,488,109) | $120,515,565 |
| Total assets not being depreciated | 165,289,599 | 88,714,075 | (133,488,109) | 120,515,565 |
| Capital assets being depreciated: | | | | |
| Ferries | 147,475,251 | | 42,954,369 | 190,429,620 |
| Terminal development rights | 3,660,000 | | | 3,660,000 |
| Floats, piers and gangways | 15,676,990 | | | 15,676,990 |
| Ferry terminal and facilities | 64,999,703 | | 90,404,219 | 155,403,922 |
| Equipment and service vehicles | 1,568,518 | | 129,521 | 1,698,039 |
| Total assets being depreciated | 233,380,462 | | 133,488,109 | 366,868,571 |
| Less accumulated depreciation for: | | | | |
| Ferries | (41,245,028) | (9,841,022) | | (51,086,050) |
| Terminal development rights | (598,863) | (66,546) | | (665,409) |
| Floats, piers and gangways | (4,458,657) | (1,046,406) | | (5,505,063) |
| Ferry terminal and facilities | (6,664,079) | (3,509,277) | | (10,173,356) |
| Equipment and service vehicles | (1,244,986) | (76,612) | | (1,321,598) |
| Total accumulated depreciation | (54,211,613) | (14,539,863) | | (68,751,476) |
| Net capital assets being depreciated | 179,168,849 | (14,539,863) | 133,488,109 | 298,117,095 |
| Capital Assets, Net | $344,458,448 | $74,174,212 | | $418,632,660 |

## 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, 2019, the appropriation has a balance as follows:

| | |
|---|---|
| Original appropriation | $12,000,000 |
| Net expenses as of June 30, 2019 | (9,675,478) |
| Unearned appropriation as of beginning of period | 2,324,522 |
| Fiscal year 2019: | |
| Interest income | 55,537 |
| Unearned appropriation as of period end | $2,380,059 |

### 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, 2019, the Authority expended a total of $3,269,474 for capital. The Authority received $0 in cash and had a receivable balance of $3,269,474.

*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 $18,500,000 to be used for operations in the fiscal year 2018-19. As of June 30, 2019, the Authority has expended total current allocated operating funds of $18,355,769 and an additional $7,286,452 of current and previously allocated capital funds. The Authority received $24,563,789 in cash and had a receivable balance of $1,078,432.

*AB664* is named for the 1975 enabling legislation that established the reserves. 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 AB 664 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, 2019, the Authority had expended total allocated funds of $1,932,022, had received $1,799,388 in cash and had a receivable balance of $132,634.

## 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, 2019, the Authority had been awarded $245 million in Proposition 1B allocations.

Assembly Bill 1203 (AB 1203), chaptered into law on October 11, 2009, provided clarifying language that allow the Authority to receive all awarded Proposition 1B allocations not previously invoiced or paid and as of April 2010, the Authority received $44,679,939. The Authority received an additional $25 million in fiscal year 2010-11 and $50 million in the fiscal year ended June 30, 2014, $25 million in fiscal year June 30, 2017 and $45 million in fiscal year ended June 30, 2018. Unspent grant receipts have been 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, 2019 are as follows:

| | | | Expended in Fiscal Year | | Unearned |
|---|---|---|---|---|---|
| Project Name | Grant Allocations | Interest Applied | Prior years | 2018-2019 | Revenue at 06/30/19 |
| 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 | 80,176,210 | | (71,542,623) | ($2,473,677) | $6,159,910 |
| San Francisco Berthing Expansion | 68,500,000 | $230,586 | (21,885,825) | (27,532,341) | 19,312,420 |
| WETA Ferry Vessels | 62,500,000 | | (37,180,841) | (18,037,667) | 7,281,492 |
| East Bay Ferry Terminals | 16,000,000 | 628,819 | (6,763,447) | (9,865,372) | - |
| Total | $245,000,000 | $859,405 | ($119,548,946) | ($57,909,057) | 32,753,822 |
| Add interest earned in prior years | | | | | 1,091,071 |
| Add interest earned in current year | | | | | 954,708 |
| Less interest applied to projects | | | | | (859,405) |
| Unearned Revenues | | | | | $33,940,196 |

## 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 will extend through 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, 2019, the Measure B and Measure BB program activity was as follows:

| | Measure B | Measure BB |
|---|---|---|
| **Program Revenues:** | | |
| Direct Local Program Distribution Allocation | $1,214,495 | $792,589 |
| Interest Earned - Measure B/BB Distribution | 24,883 | 15,300 |
| **Total Measure B/BB Revenues** | 1,239,378 | 807,889 |
| **Program Expenditures:** | | |
| Construction / Capital: | | |
| Mid-Life refurbishment - M/V Peralta | (405,296) | |
| Quarter-Life refurbishment - M/V Scopio | | (14,014) |
| **Total Direct Local Distribution Program Expenditures** | (405,296) | (14,014) |
| **Revenue Over Expenditures/ Excess Net Change in Fund Balance** | 834,082 | 793,875 |
| **Fund Balance:** | | |
| Beginning Fund Balance | 1,486,689 | 836,257 |
| **Ending Fund Balance** | $2,320,771 | $1,630,132 |
| **Reserves:** | | |
| Restricted for Measure B and Measure BB programs and projects | $2,320,771 | $1,630,132 |
| **Unspent Funds as of the End of the Year:** | $2,320,771 | $1,630,132 |

## 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.

The State Controller's Office has estimated that a total of $579,467 in revenue-based SGR funds are available for allocation to the Authority through FY 2018/19. As of June 30, 2019, the Authority received $529,315 from the FY2017/18 and the FY2018/19 programs to support the Vessel Service Life Extension - M/V Solano project.

| | |
|---|---|
| **Program Revenues:** | |
| Allocation Received | $529,315 |
| Interest Earned | 403 |
| **Total Program Revenues** | 529,718 |
| | |
| **Program Expenditures:** | |
| Vessel Service Life Extension - M/V Solano | (277,255) |
| | |
| **Ending Program Fund Balance** | $252,463 |

## NOTE 6 – LEASE OBLIGATION

### *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. It expires November 30, 2021. The annual lease payment is $341,517, and each parcel is subject to a 3% annual adjustment with a minimum adjustment

### *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.

## NOTE 6 – LEASE OBLIGATION (Continued)

### *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 at June 30, 2019:

| 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 | 15,000 to 20,000 |
| Crime Insurance | 1,000,000 | 2,500 |
| **Type of Coverage (related to Ferry Services)** | | |
| Marine commercial liability, Terminal operators liability and Auto liability | $1,000,000 to 3,000,000 | $2,500 |
| Docks, pilings & ramps Pier 9, Harbor Bay, Alameda Main Street, Vallejo, Vallejo Ferry Ticket Office, South San Francisco Terminal, North Bay Operations and Maintenance Facility, Mare Island Terminals and Oakland Clay Street | 163,276,063 | 10,000 to 250,000 |
| Excess marine liability | 24,000,000 | N/A |

The Authority did not have any claims in fiscal year 2019.

## NOTE 8 – NET POSITION

### *A. 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

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.

### *A. General Information about the 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, 2019 are summarized as follows:

| | Miscellaneous | |
|---|---|---|
| Hire date | Prior to January 1, 2013 | On or after January 1, 2013 |
| Benefit formula | 2.5% @ 55 | 2% @ 62 |
| Benefit vesting schedule | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50 - 67 | 52 - 67 |
| Monthly benefits, as a % of eligible compensation | 2.0% - 2.5% | 1.0% - 2.5% |
| Required employee contribution rates | 8.00% | 6.25% |
| Required employer contribution rates | 10.609% | 6.842% |

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, 2019, the contributions recognized as part of pension expense for each Plan were as follows:

| | Miscellaneous |
|---|---|
| | Tier I & Tier II |
| Contributions - employer | $202,432 |
| Contributions - employee (paid by employer) | 136,807 |

**NOTE 9 – PENSION PLAN (Continued)**

***B. 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.

As of June 30, 2019, 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 (Asset) |
|---|---|
| Miscellaneous | ($108,435) |
| Total Net Pension Liability (Asset) | ($108,435) |

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, 2018, 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, 2017 rolled forward to June 30, 2018 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, 2017 and 2018 was as follows:

| | Miscellaneous |
|---|---|
| Proportion - June 30, 2017 | 0.0075% |
| Proportion - June 30, 2018 | -0.0029% |
| Change - Increase (Decrease) | -0.010377% |

## NOTE 9 – PENSION PLAN (Continued)

For the year ended June 30, 2019, the Authority recognized a negative pension expense of $576,317. At June 30, 2019, 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 | $202,432 | |
| Differences between actual and expected experience | (4,160) | $1,416 |
| Changes in assumptions | (12,362) | 3,030 |
| Net differences in actual contributions and proportionate contributions | 357,147 | |
| Net differences between projected and actual earnings on pension plan investments | (536) | |
| Adjustments due to changes in proportion | 18,282 | (97,367) |
| Total | $560,803 | ($92,921) |

Deferred outflows of $202,432 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, 2020. 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 |
| 2020 | $92,011 |
| 2021 | 103,956 |
| 2022 | 68,507 |
| 2023 | 976 |

**NOTE 9 – PENSION PLAN (Continued)**

***Actuarial Assumptions*** – For the measurement period ended June 30, 2018, the total pension liability was determined by rolling forward the June 30, 2017 total pension liability. The June 30, 2017 and June 30, 2018 total pension liability was based on the following actuarial methods and assumptions:

| | Miscellaneous |
|---|---|
| Valuation Date | June 30, 2017 |
| Measurement Date | June 30, 2018 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 7.15% |
| Inflation | 2.50% |
| Salary Increases | Varies by Entry Age and Service |
| Mortality Rate Table (1) | Derived using CalPERS Membership Data for all Funds |
| Post Retirement Benefit Increase | Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter |

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

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of a January 2015 actuarial experience study for the period 1997 to 2011, 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.

**NOTE 9 – PENSION PLAN (Continued)**

***Change of Assumptions –*** For the measurement date of June 30, 2018, the inflation rate reduced from 2.75% to 2.50%.

***Discount Rate*** – The discount rate used to measure the total pension liability for each Plan was 7.15%. 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, each Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all plans in the PERF. 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 for each Plan.

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 as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

## NOTE 9 – PENSION PLAN (Continued)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

| Asset Class[1] | Current Target Allocation | Real Return Years 1 - 10[2] | Real Return Years 11+[3] |
|---|---|---|---|
| Global Equity | 50% | 4.80% | 5.98% |
| Fixed Income | 28% | 1.00% | 2.62% |
| Inflation Sensitive | 0% | 0.77% | 1.81% |
| Private Equity | 8% | 6.30% | 7.23% |
| Real Estate | 13% | 3.75% | 4.93% |
| Liquidity | 1% | 0.00% | -0.92% |
| Total | 100% | | |

(1) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(2) An expected inflation of 2.00% used for this period.

(3) An expected inflation of 2.92% used for this period.

***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 | 6.15% |
| Net Pension Liability | $696,987 |
| | |
| Current Discount Rate | 7.15% |
| Net Pension Asset | ($108,435) |
| | |
| 1% Increase | 8.15% |
| Net Pension Asset | ($773,298) |

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

## 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 PERSC are single premium for single coverage only.

For the year ended June 30, 2019, the Authority's contributions to the Plan were $91,319.

***Employees Covered by Benefit Terms –*** Membership in the plan consisted of the following at the measurement date of June 30, 2018:

| | |
|---|---|
| Active plan members | 14 |
| Inactive employees or beneficiaries currently receiving benefit payments | 2 |
| Inactive employees entitled to but not yet receiving benefit payments | 1 |
| Total | 17 |

### *B. Net OPEB Asset*

***Actuarial Methods and Assumptions –*** The Authority's net OPEB asset was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation dated June 30, 2018 that was rolled forward using standard update procedures to determine the Authority's total OPEB liability as of June 30, 2018, based on the following actuarial methods and assumptions:

| | Actuarial Assumptions |
|---|---|
| Valuation Date | June 30, 2017 |
| Measurement Date | June 30, 2018 |
| Actuarial Assumptions: | |
| Discount Rate | 6.75% |
| Long-Term Net Rate of Return | 6.75% |
| Inflation | 2.75% |
| Mortality, Retirement, Disability, Termination | CalPERS 1997-2011 experience study |
| Mortality Improvement | Scale MP-2017 |
| Medical Trend | -Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years<br>-Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years |

## NOTE 10 – POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

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:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Global Equity | 57% | 4.82% |
| Fixed Income | 27% | 1.47% |
| TIPS | 5% | 1.29% |
| Commodities | 3% | 0.84% |
| REITs | 8% | 3.76% |
| Total | 100% | |
| Assumed Long-Term Rate of Inflation | | 2.75% |
| Assumed Long-Term Net Rate of Return, Rounded | | 6.75% |

***Discount Rate*** – The discount rate used to measure the total OPEB liability was 6.75%. 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, 2018 | $672,000 | $718,000 | ($46,000) |
| Changes Recognized for the Measurement Period: | | | |
| Service cost | 69,097 | | 69,097 |
| Interest | 49,653 | | 49,653 |
| Benefit changes | | | |
| Difference between expected and actual experience | | | |
| Changes of assumptions | | | |
| Contributions from the employer | | 88,000 | (88,000) |
| Net investment income | | 55,796 | (55,796) |
| Benefit payments and refunds | (11,000) | (11,000) | - |
| Administrative expenses | | (1,335) | 1,335 |
| Net Changes | 107,750 | 131,461 | (23,711) |
| Balance at June 30, 2019 | $779,750 | $849,461 | ($69,711) |

## 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 $8,000.

### *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 (5.75%) or 1-percentage-point higher (7.75%) than the current discount rate:

| Plan's Net OPEB Liability/(Asset) | | |
|---|---|---|
| Discount Rate -1% (5.75%) | Current Discount Rate (6.75%) | Discount Rate +1% (7.75%) |
| $43,935 | ($69,711) | ($161,873) |

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% |
| ($187,401) | ($69,711) | $79,192 |

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

For the year ended June 30, 2019, the Authority recognized OPEB expense of $66,982. At June 30, 2019, the Authority reported deferred outflows and inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Employer contributions made subsequent to the measurement date | $91,319 | |
| Difference between expected and actual experience | | |
| Changes in assumptions | | |
| Net difference between projected and actual earnings on plan investments | | $16,693 |
| Total | $91,319 | $16,693 |

## NOTE 10 – POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

The $91,319 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a increase of the OPEB asset in the year ended June 30, 2020. 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 |
|---|---|
| 2020 | ($4,423) |
| 2021 | (4,423) |
| 2022 | (6,423) |
| 2023 | (1,424) |
| 2024 | - |
| Thereafter | - |

## 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, 2019, the Authority had made commitments for the following projects:

| | |
|---|---|
| Purchase Replacement Vessel - MV Vallejo | $149,625 |
| Purchase Two Expansion (Waterjet) Vessels | 12,744,580 |
| Purchase Two Expansion (Propeller) Vessels | 272,265 |
| Purchase New Commuter Class High-Speed Vessel | 5,935,002 |
| Terminal Dredging - Vallejo and South San Francisco Terminals | 111,661 |
| Central Bay Operations & Maintenance Facility | 1,744,968 |
| Richmond Ferry Terminal | 40,470 |
| San Francisco Downtown Ferry Terminal Expansion | 13,638,870 |
| Vessel Engine Overhaul - M/V Taurus | 243,798 |
| Vessel Service Life Extension - M/V Solano | 13,325 |
| Vessel Engine Overhaul - M/V Intintoli and M/V Mare Island | 1,021,417 |
| Vessel Quarter-Life Refurbishment - M/V Scorpio | 9,850 |
| Total | $35,925,831 |

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# REQUIRED SUPPLEMENTARY INFORMATION

**SAN FRANCISCO BAY AREA WATER**
**EMERGENCY TRANSPORTATION AUTHORITY**

**REQUIRED SUPPLEMENTARY INFORMATION**
**For the Year Ended June 30, 2019**

**San Francisco Water Emergency Transportation Authority's Miscellaneous Plan,**
**a Cost-Sharing Multiple-Employer Defined Pension Plan**
As of fiscal year ending June 30, 2019
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** |
|---|---|---|---|---|---|
| Plan's Proportion of the Net Pension Liability/(Asset) | 0.010204% | 0.016026% | 0.011107% | 0.007533% | -0.002877% |
| Plan's Proportionate Share of the Net Pension Liability/(Asset) | $748,940 | $439,655 | $385,835 | $296,963 | ($108,435) |
| Plan's Covered Payroll | $1,217,627 | $1,363,751 | $1,453,752 | $1,597,597 | $1,744,351 |
| 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% |
| Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability | 81.15% | 79.89% | 75.87% | 75.39% | 77.69% |

* Fiscal year 2015 was the 1st year of implementation, therefore only five years are shown.

# SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

# REQUIRED SUPPLEMENTARY INFORMATION
## For the Year Ended June 30, 2019

**San Francisco Water Emergency Transportation Authority's Miscellaneous Plan,**
**a Cost-Sharing Multiple-Employer Defined Pension Plan**
As of fiscal year ending June 30, 2019
Last 10 Years*
**SCHEDULE OF CONTRIBUTIONS**

| **Fiscal Year Ended:** | 6/30/2015 | 6/30/2016 | 6/30/2017 | 6/30/2018 | 6/30/2019 |
|---|---|---|---|---|---|
| Actuarially determined contribution | $222,396 | $434,477 | $391,333 | $516,162 | $202,432 |
| Contributions in relation to the actuarially determined contributions | (222,396) | (434,477) | (391,333) | (516,162) | (202,432) |
| Contribution deficiency (excess) | $0 | $0 | $0 | $0 | $0 |
| Covered payroll | $1,363,751 | $1,453,752 | $1,597,597 | $1,744,351 | $1,890,469 |
| Contributions as a percentage of covered payroll | 16.31% | 29.89% | 24.50% | 29.59% | 10.71% |

**Notes to Schedule**

| Valuation date: | 6/30/2013 | 6/30/2014 | 6/30/2015 | 6/30/2016 | 6/30/2017 |
|---|---|---|---|---|---|
| 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 | 2.75% | 2.75% | 2.75% | 2.75% | 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 | 7.5%, 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 | 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 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. | 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, therefore only five years are shown.

## SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

## REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019

### SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS
**For the Year Ended June 30, 2019**

**Last Ten Fiscal Years ***

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

| Measurement period | June 30, 2017 | June 30, 2018 |
|---|---|---|
| **Total OPEB liability** | | |
| Service cost | $67,000 | $69,097 |
| Interest | 44,000 | 49,653 |
| Benefit changes | | |
| Differences between expected and actual experience | | |
| Assumption changes | | |
| Benefit payments | (10,000) | (11,000) |
| Changes of benefit terms | | |
| **Net change in total OPEB liability** | 101,000 | 107,750 |
| **Total OPEB liability - beginning** | 571,000 | 672,000 |
| **Total OPEB liability - ending (a)** | $672,000 | $779,750 |
| **OPEB fiduciary net position** | | |
| Contributions - employer | $194,000 | $88,000 |
| Contributions - employee | | |
| Net investment income | 50,000 | 55,796 |
| Benefit payments | (10,000) | (11,000) |
| Administrative expense | | (1,335) |
| Other changes | | |
| **Net change in plan fiduciary net position** | 234,000 | 131,461 |
| **Plan fiduciary net position - beginning** | 484,000 | 718,000 |
| **Plan fiduciary net position - ending (b)** | $718,000 | $849,461 |
| **Plan net OPEB liability (asset) - ending (a) - (b)** | ($46,000) | ($69,711) |
| **Plan fiduciary net position as a percentage of the total OPEB liability** | 106.85% | 108.94% |
| **Covered payroll** | $1,598,000 | $1,746,000 |
| **Plan net OPEB liability as a percentage of covered payroll** | N/A | N/A |

*Fiscal year 2018 was the 1st year of implementation, therefore only two years are shown.

# SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

# REQUIRED SUPPLEMENTARY INFORMATION
## For the Year Ended June 30, 2019

**SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY**
**REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)**
**SCHEDULE OF CONTRIBUTIONS**
**For the Year Ended June 30, 2019**

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

| | 2017-18 | 2018-19 |
|---|---|---|
| Actuarially determined contribution | $74,000 | $83,354 |
| Contributions in relation to the actuarially determined contribution | 88,000 | 91,319 |
| Contribution deficiency (excess) | ($14,000) | ($7,965) |
| Covered payroll | $1,746,000 | $1,890,469 |
| Contributions as a percentage of covered payroll | 5.04% | 4.83% |

*Fiscal year 2018 was the 1st year of implementation, therefore only two years are shown.

**Notes to Schedule:**

Methods and assumptions used to determine contribution rates:

| | | |
|---|---|---|
| Valuation Date | June 30, 2017 | June 30, 2017 |
| Actuarial Cost Method | Entry Age Normal | Entry Age Normal |
| Amortization Method | Level percentage of pay | Level percentage of pay |
| Actuarial Value of Assets | Investment gains and losses spread over 5- year rolling period<br>Not less than 80% not more than 120% of the Market Value of Assets | Investment gains and losses spread over 5- year rolling period |
| Discount Rate | 6.75% | 6.75% |
| General Inflation | 2.75% | 2.75% |
| Aggregate Payroll Increases | 3.00% | 3.00% |
| Medical Trend | Non-Medicare - 7.0% for 2017/18, decreasing to an ultimate rate of 5.5% in 2020/21<br>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<br>Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4% in 2076 |
| Mortality, Retirement, Termination & Disability | CalPERS 1997-2011 experience study | CalPERS 1997-2011 experience study |
| Mortality Improvement | Scale MP-2017 | Scale MP-2017 |

*Fiscal year 2018 was the 1st year of implementation, therefore only two years are shown.

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