

**SAN FRANCISCO  
BAY AREA WATER EMERGENCY  
TRANSPORTATION AUTHORITY  
  
BASIC FINANCIAL STATEMENTS  
  
FOR THE YEAR ENDED JUNE 30, 2020**

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<p style="text-align: center;"><b>SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2020</b></p>
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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, 2020, 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.

## ***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, 2020, 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 13, 2020 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 13, 2020

## **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, 2020. 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 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 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 and its second expansion service to Richmond in January 2019.

All ferry services operated by the Authority, including the five routes with regularly scheduled service and ballpark and other special event services, 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 its liabilities and deferred inflows by \$467.1 million at June 30, 2020, a \$27.4 million or 6% increase from June 30, 2019.

The following is a summary of the Authority's net position as of June 30, 2020 and 2019 along with a discussion of some of the most significant balances (in thousands):

	<b>2020</b>	<b>2019</b>
<b>Assets:</b>		
Current and other assets	\$52,625	\$69,863
Capital assets	445,397	418,633
Total assets	<u>\$498,022</u>	<u>\$488,496</u>
<b>Deferred Outflows of Resources:</b>	<u>\$683</u>	<u>\$652</u>
<b>Liabilities:</b>		
Current liabilities	\$9,499	\$12,714
Unearned/deferred revenue	19,705	36,573
Other noncurrent liabilities	281	120
Total liabilities	<u>\$29,485</u>	<u>\$49,407</u>
<b>Deferred Inflows of Resources:</b>	<u>\$154</u>	<u>\$109</u>
<b>Net Position:</b>		
Net investment in capital assets	\$445,397	\$418,633
Restricted	7,835	8,832
Unrestricted	15,834	12,167
Total net position	<u>\$469,066</u>	<u>\$439,632</u>

The assets and deferred outflows totaled \$498.7 million, consisting of \$52.6 million in current assets, such as cash, and accounts receivable, \$445.4 million in capital assets and \$683,000 in pension and other post-employment benefits (OPEB) related deferred outflows.

The increase in assets was attributed to the increase of \$26.8 million in capital assets and the decrease of \$17.3 million in current assets, including cash, stemming from the spend down of Prop 1B grant funds. Total capital expenditures in FY2019/20 was \$43.9 million and a total of \$146.4 million was reclassified from construction in progress to capital assets for completed projects, including two new passenger-only vessels and new Gates F and G and the rehabilitation of the existing Gate E at the San Francisco Downtown 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, 2020 when compared to June 30, 2019. 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 funds. The increase in Other noncurrent liabilities was due to the increase 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 6% 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 position, decreased \$1.0 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, 2019. Pension contributions made in FY2019/20 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, 2020 balances, including Deferred outflow of resource and Deferred inflow of resources, at June 30, 2020 are not comparable to the balances at June 30, 2019.

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 2020 FINANCIAL HIGHLIGHTS

The following table summarizes the Statement of Net Position, or the change in Net Position of governmental activities, for the year ended June 30, 2020 and June 30, 2019:

Statement of Net Position (in thousands)			
	2020	2019	Increase/ (Decrease) From 2019
Operating revenues	\$17,170	\$22,435	(\$5,265)
Operating expenses	(42,564)	(42,330)	(234)
Loss before depreciation and other non-operating revenues and expenses	(25,394)	(19,896)	(5,499)
Depreciation	(17,104)	(14,540)	(2,564)
Operating loss	(42,498)	(34,435)	(8,063)
Other non-operating revenues and expenses, net	24,803	19,857	4,947
Loss before capital contribution	(17,695)	(14,579)	(3,116)
Capital contributions	47,130	91,086	(43,956)
Change in Net Position	29,435	76,507	(47,073)
Net Position, beginning	439,632	363,124	76,507
Net Position, ending	\$469,067	\$439,632	\$29,435

## Revenues

A summary of revenues for the years ended June 30, 2020 and 2019, and the amount of change in relation to prior year amounts (in thousands) is as follows:

	2020	2019	Increase/ (Decrease) From 2019
<b>Operating Revenues:</b>			
Alameda Harbor Bay Ferry Service	\$1,111	\$1,644	(\$533)
Alameda / Oakland Ferry Service	5,947	7,771	(1,824)
Vallejo Ferry Service	8,453	11,481	(3,029)
South San Francisco Ferry Service	764	1,056	(292)
Richmond Ferry Service	895	483	412
Total operating revenues	17,170	22,435	(5,265)
<b>Non-operating Revenues:</b>			
Operating assistance	21,262	19,596	1,666
Investment / Interest Income	285	240	45
Non-Transportation Revenue	26	20	6
Total non-operating revenues	21,574	19,857	1,718
<b>Capital contributions:</b>	47,130	91,086	(43,956)
<b>Total Revenues</b>	<b>\$85,874</b>	<b>\$133,378</b>	<b>(\$47,504)</b>

- Revenue generated from operations, farebox, decreased by \$5.3 million or 23% from prior year (\$17.2 million in 2020 compared to \$22.4 million in 2019) as the Authority experienced significant reductions in system ridership as the result of the shelter in place orders issued on March 16, 2020 due to the COVID-19 pandemic. System-wide ridership was 2,298,857 in 2020, a 750,019 or 25% reduction when compared to 2019.
- Non-operating revenues increased from \$19.9 million in 2019 to \$21.6 million in 2020, an increase of \$1.7 million. This increase was attributed to the increased use of Local and Federal subsidies to support operations due to ridership and fare revenue decreases brought on by the shelter in place order.
- Capital contributions received in the form of grants and assistance from the Federal, State, and Local governments decreased from \$91.1 million in 2019 to \$43.9 million in 2020. The decrease in capital contribution is attributed primarily to the completion or near completion of several major capital projects. Capital contributions also included proceeds from the sale of two end-of-life vessels totaling \$3.2 million.

## Expenses

A summary of expenses for the years ended June 30, 2020 and 2019, and the amount of change in relation to prior year amounts (in thousands), is as follows:

	<b>2020</b>	<b>2019</b>	<b>Increase/ (Decrease) From 2019</b>
<b>Operating Expenses:</b>			
Alameda Harbor Bay Ferry Service	\$2,600	\$3,608	(\$1,008)
Alameda / Oakland Ferry Service	13,218	13,329	(112)
Vallejo Ferry Service	17,339	17,910	(571)
South San Francisco Ferry Service	2,278	3,180	(902)
Richmond Ferry Service	3,386	1,724	1,663
Planning & Administration	3,743	2,580	1,163
Total operating expenses, excluding depreciation	<u>42,564</u>	<u>42,330</u>	<u>234</u>
<b>Other Expenses:</b>			
Depreciation	17,104	14,540	2,564
(Gain)/Loss on disposal of assets	<u>(3,229)</u>	<u>-</u>	<u>(3,229)</u>
Total other expenses	<u>13,875</u>	<u>14,540</u>	<u>(665)</u>
<b>Total Expenses</b>	<u>\$56,439</u>	<u>\$56,870</u>	<u>(\$431)</u>

- Total operating expenses, before depreciation, increased slightly from \$42.3 million in 2019 to \$42.6 million in 2020, a change of \$234,000.
- The decrease in route-level ferry service expenses, except for the Richmond Ferry Service, stemmed from actions taken to address the COVID-19 pandemic and the affect it had on transit. The Richmond Ferry Service recognized an increase in operating expenses since the 2019 total was for 6-months of service, from January to June 2019, and the 2020 total was for 12-months of service.
- The increase for Planning & Administration was mainly attributed to the contribution of \$1.8 million to the WETA Retirement Plan and the WETA Replacement Benefits Plan trust accounts. This action will reduce operating expense in the coming years by eliminating the unfunded liabilities.

## CONSTRUCTION ACTIVITIES AND CAPITAL ACQUISITIONS

During 2020, the Authority expended \$43.9 million on capital activities. (See Note 4 for further information.) This included the following major projects:

- San Francisco Berthing Expansion – Construction (\$15.9 million)
- Purchase/Construction Two 445-Pax Expansion Vessels (\$14.6 million)
- Purchase/Construct New Commuter Class Vessel (\$4.3 million)
- Vessel Quarter-Life Refurbishment – M/V Scorpio (\$2.9 million)
- Construction of the Alameda Seaplane Lagoon Ferry Terminal (\$2.0 million)
- Vessel Engine Overhaul – M/V Intintoli & M/V Mare Island (\$1.3 million)
- Central Bay Operations and Maintenance Facility – Construction (\$1.2 million)
- Vessel Engine Overhaul – M/V Gemini, M/V Taurus, M/V Argo, M/V Carina (\$832,000)

During 2020, completed projects totaling \$146.4 million were closed from construction in progress to their respective capital accounts. The major completed projects included:

- San Francisco Berthing Expansion (\$94.8 million)
- Purchase/Construction Two 445-Pax Expansion Vessels (\$43.3 million)
- Vessel Quarter-Life Refurbishment – M/V Scorpio (\$2.9 million)
- Vessel Engine Overhaul – M/V Intintoli & M/V Mare Island (\$2.2 million)
- Central Bay Operations and Maintenance Facility – Construction (\$1.2 million)
- Vessel Engine Overhaul – M/V Gemini, M/V Taurus, M/V Argo (\$1.0 million)

## PROGRAM INITIATIVES AND OUTLOOK

The Authority will continue its efforts to support the management, operation and marketing of the current five and one new 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, Richmond to San Francisco, and Alameda Seaplane Lagoon to San Francisco. Planning, administration and development efforts in the coming year will focus on:

- **System Planning and Service Development** - Significant effort will be focused on monitoring system operation and ridership and developing and refining recovery services as the Bay Area responds and adjusts to the COVID-19 pandemic. Staff will also revisit the development of a Five-Year Fare Program, continue work on the Hovercraft Feasibility Study, continue work on the Berkeley and Redwood City service studies and work on other service development and monitoring activities as needed.
- **Facility and Terminal Development** – Staff will continue to monitor, and support project development and construction activities associated with new Mission Bay and Treasure Island ferry terminals. Staff will conduct initial study and permitting work for the Vallejo Terminal dredge project scheduled to take place in FY 2021/22.
- **Fleet Development** – In addition to supporting WETA’s ongoing fleet construction and rehabilitation program, including development of an all-electric ferry, staff will continue efforts to identify options and opportunities to implement new vessel emission technology for existing and future vessels.
- **Emergency Response Program/Training** – Staff will continue to participate in local, regional and state exercises, meetings and discussions. Staff will continue internal training exercises and will participate in the Bay Ferry V regional exercise with Bay Area partners.
- **Public Relations and Communications** – Staff will perform media outreach and public communications to support service resumption in the wake of the COVID-19 crisis and to support new service at Seaplane Lagoon in Alameda. Staff will also work to enhance public awareness of WETA and its role in emergency response.
- **Marketing** – Staff will market ferry services with a focus on highlighting safety and ease of use in the wake of the COVID-19 crisis and build awareness of rebranded routes and enhanced commute opportunities in the Alameda and Oakland corridors as Seaplane Lagoon

service begins. Staff will also continue to enhance the marketing presence of all routes as appropriate as full service is restored in the system.

- **Organizational Review** – As appropriate, staff will work with the Board of Directors to develop plans for organizational development and growth to meet the agency's future work demands and regional responsibilities associated with RM3.

## **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, 2020

ASSETS

Current Assets	
Cash and cash equivalents (Note 3)	\$39,918,973
Receivables:	
Accounts	7,865,854
Interest	63,009
Security deposit	77,665
Inventory	93,215
Prepaid expenses	4,159,518
Net OPEB Asset (Note 10)	446,390
Total Current Assets	<u>52,624,624</u>
Capital assets, net of accumulated depreciation (Note 4):	
Construction in progress	18,029,547
Depreciable capital assets, net	
Ferries	178,589,510
Terminal development rights	2,928,046
Floats, piers and gangways	9,164,927
Ferry terminal and facilities	236,341,900
Equipment and service vehicles	343,216
Total Capital Assets	<u>445,397,146</u>
Total Assets	<u>498,021,770</u>

DEFERRED OUTFLOWS OF RESOURCES

Related to pensions (Note 9)	575,127
Related to OPEB (Note 10)	108,104
Total Deferred Outflows of Resources	<u>683,231</u>

LIABILITIES

Current Liabilities	
Accounts payable	6,411,989
Other accrued liabilities	2,912,878
Unearned revenue - fares	
Compensated absences (Note 2C)	174,008
Total Current Liabilities	<u>9,498,875</u>
Noncurrent Liabilities	
Compensated absences (Note 2C)	178,844
Unearned revenue - State Appropriation (Note 5A)	1,302,992
Unearned revenue - Prop 1B (Note 5C)	17,304,931
Unearned revenue -STA-SGR (Note 5E)	666,449
Unearned revenue -LCTOP (Note 5F)	430,194
Collective net pension liability (Note 9)	101,947
Total Noncurrent Liabilities	<u>19,985,357</u>
Total Liabilities	<u>29,484,232</u>

DEFERRED INFLOWS OF RESOURCES

Related to pensions (Note 9)	83,027
Related to OPEB (Note 10)	71,235
Total Deferred Inflows of Resources	<u>154,262</u>

NET POSITION (Note 8)

Net investment in capital assets	445,397,146
Restricted	7,834,899
Unrestricted	15,834,462
Total Net Position	<u>\$469,066,507</u>

See accompanying notes to financial statements

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

OPERATING REVENUES

Farebox revenue	<u>\$17,170,189</u>
Total Operating Revenues	<u>17,170,189</u>

PROGRAM OPERATING EXPENSES

Personnel costs	4,637,693
Administrative expenses	8,232,451
Legal and consulting	1,663,133
Purchased transportation	26,307,027
Insurance premiums	1,723,920
Depreciation (Note 4)	<u>17,104,293</u>
Total Program Operating Expenses	<u>59,668,517</u>

OPERATING LOSS	<u>(42,498,328)</u>
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NONOPERATING REVENUES (EXPENSE)

Intergovernmental receipts	21,262,147
Other revenue	<u>3,541,006</u>
Total Nonoperating Revenues	<u>24,803,153</u>

CAPITAL GRANTS	<u>47,129,852</u>
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CHANGE IN NET POSITION	29,434,677
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NET POSITION - BEGINNING	<u>439,631,830</u>
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NET POSITION - ENDING	<u><u>\$469,066,507</u></u>
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See accompanying notes to financial statements



SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$17,044,477
Payments to vendors and consultants	(41,980,218)
Payments to or on behalf of employees	(4,324,058)
	<u>(29,259,799)</u>
Net cash flows from (used for) operating activities	<u>(29,259,799)</u>

CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES

Intergovernmental collections	25,182,191
	<u>25,182,191</u>
Net cash flows from noncapital and related financing activities	<u>25,182,191</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Grant receipts used for capital activities	30,261,700
Payments for capital assets	(43,868,779)
	<u>(13,607,079)</u>
Net cash flows from (used for) capital and related financing activities	<u>(13,607,079)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest receipts	70,298
	<u>70,298</u>
Net cash flows from (used for) investing activities	<u>70,298</u>
Net cash flows	(17,614,389)

Cash and cash equivalents- beginning of year	<u>57,533,362</u>
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Cash and cash equivalents - end of year	<u><u>\$39,918,973</u></u>
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Reconciliation of operating loss to  
net cash flows from operating activities:

Operating loss	(\$42,498,328)
Depreciation	17,104,293
Change in assets and liabilities:	
Security deposits	(291)
Inventory	0
Prepaid expenses	(556,428)
Net OPEB asset	(376,679)
Accounts payable	(4,172,171)
Other accrued liabilities	1,051,882
Unearned fares	(125,712)
Compensated absences	89,714
Net Pension liability	210,382
Deferred outflows/inflows	13,539
	<u>13,539</u>

Net cash flows used for operating activities	<u><u>(\$29,259,799)</u></u>
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See accompanying notes to financial statements

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**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2020**

**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.

**SAN FRANCISCO BAY AREA WATER  
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**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, 2019	\$263,138
Additions	244,241
Payments	<u>(154,527)</u>
Balance at June 30, 2020	352,852
Due within one year	<u>174,008</u>
Due in more than one year	<u>\$178,844</u>

**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.

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**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 89 – Accounting for Interest Cost Incurred before the End of a Construction Period** – This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The Authority early implemented this pronouncement during this fiscal year. This Statement had no material effect on the financial statements.

**GASB 95 – Postponement of the Effective Dates of Certain Authoritative Guidance** – This Statement extended the implementation dates for 15 GASB Statements and Implementation Guides by 1 year or more. Of course, many of the Statements could be early-implemented, as applicable.

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**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, 2020:

Investment Type	Total
California Local Agency Investment Fund	\$15,814,928
<i>Held by Trustees:</i>	
Money Market Mutual Fund	23,210,744
Total Investments	39,025,672
Cash in banks and on hand	893,301
Total Cash and investments	\$39,918,973

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

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**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%
	N/A	N/A	No limit	No Limit
Local Agency Investment Program Fund (LAIF)				
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

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**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 191 and 47 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.



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**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, 2020:

	Balance as of June 30, 2019	Additions	Transfers/ Adjustments	Balance as of June 30, 2020
Capital assets not being depreciated:				
Construction in progress	\$120,515,565	\$43,868,779	(\$146,354,797)	\$18,029,547
Total assets not being depreciated	120,515,565	43,868,779	(146,354,797)	18,029,547
Capital assets being depreciated:				
Ferries	190,429,620		47,435,127	237,864,747
Terminal development rights	3,660,000			3,660,000
Floats, piers and gangways	15,676,990			15,676,990
Ferry terminal and facilities	155,403,922		95,964,453	251,368,375
Equipment and service vehicles	1,698,039		28,105	1,726,144
Total assets being depreciated	366,868,571		143,427,685	510,296,256
Less accumulated depreciation for:				
Ferries	(51,086,050)	(11,116,299)	2,927,112	(59,275,237)
Terminal development rights	(665,409)	(66,545)		(731,954)
Floats, piers and gangways	(5,505,063)	(1,007,000)		(6,512,063)
Ferry terminal and facilities	(10,173,356)	(4,853,119)		(15,026,475)
Equipment and service vehicles	(1,321,598)	(61,330)		(1,382,928)
Total accumulated depreciation	(68,751,476)	(17,104,293)	2,927,112	(82,928,657)
Net capital assets being depreciated	298,117,095	(17,104,293)	146,354,797	427,367,599
Capital Assets, Net	\$418,632,660	\$26,764,486		\$445,397,146

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**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, 2020, the appropriation has a balance as follows:

Original appropriation	\$12,000,000
Net expenses as of June 30, 2020	(9,619,941)
Unearned appropriation as of beginning of period	2,380,059
Fiscal year 2020:	
Add: Interest income	51,512
Less: Expended	(1,128,579)
Unearned appropriation as of period end	<u>\$1,302,992</u>

**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, 2020, the Authority expended a total of \$2,463,426 for capital. Of the total 2020 expenditures, the Authority received \$1,544,908 in cash and had a receivable balance of \$918,518.

*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 \$17,790,485 to be used for operations in the fiscal year 2019-20. As of June 30, 2020, the Authority has expended total current allocated operating funds of \$17,790,485 and an additional \$4,114,115 of current and previously allocated capital funds. The Authority received \$17,547,677 in cash and had a receivable balance of \$4,356,923.

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**NOTE 5 – MAJOR FUNDING SOURCES (Continued)**

*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 \$6,918. Of the total 2019 receivable balance and 2020 expenditures, the Authority received \$83,001 in cash and had a receivable balance of \$56,551 at June 30, 2020.

**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, 2020, 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.

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**NOTE 5 – MAJOR FUNDING SOURCES (Continued)**

A summary of the Authority's Proposition 1B projects for the fiscal year ended June 30, 2020 are as follows:

Project Name	Grant Allocations	Interest Applied	Expended in Fiscal Year		Unearned Revenue at 06/30/20
			Prior years	2019-2020	
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		(74,016,300)	(\$1,150,681)	\$5,009,229
San Francisco Berthing Expansion	68,500,000	\$334,291	(49,187,580)	(11,698,467)	7,948,244
WETA Ferry Vessels	62,500,000		(55,218,507)	(4,039,542)	3,241,951
East Bay Ferry Terminals	16,000,000		(16,000,000)		-
Total	<u>\$245,000,000</u>	<u>\$334,291</u>	<u>(\$212,246,177)</u>	<u>(\$16,888,690)</u>	16,199,424
Add interest earned in prior years					1,186,374
Add interest earned in current year					253,424
Less interest applied to projects					<u>(334,291)</u>
Unearned Revenues					<u>\$17,304,931</u>

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**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, 2020, the Measure B and Measure BB program activity was as follows:

	<u>Measure B</u>	<u>Measure BB</u>
<b>Program Revenues:</b>		
Direct Local Program Distribution Allocation	\$1,128,395	\$736,134
Interest Earned - Measure B/BB Distribution	18,950	11,613
<b>Total Measure B/BB Revenues</b>	<u>1,147,345</u>	<u>747,747</u>
<b>Program Expenditures:</b>		
Construction / Capital:		
Seaplane Lagoon Ferry Terminal	(2,000,000)	
Replacement Vessel - M/V Bay Breeze		(16,926)
Quarter-Life refurbishment - M/V Scopio	(43,466)	(529,088)
Transportation and Operations		
Harbor Bay Ferry Service	(982,720)	
<b>Total Direct Local Distribution Program Expenditures</b>	<u>(3,026,186)</u>	<u>(546,014)</u>
<b>Revenue Over Expenditures/ Excess Net Change in Fund Balance</b>	<u>(1,878,841)</u>	<u>201,733</u>
<b>Fund Balance:</b>		
Beginning Fund Balance	2,320,771	1,630,132
<b>Ending Fund Balance</b>	<u>\$441,930</u>	<u>\$1,831,865</u>
<b>Reserves:</b>		
Restricted for Measure B and Measure BB programs and projects	\$441,930	\$1,831,865
<b>Unspent Funds as of the End of the Year:</b>	<u>\$441,930</u>	<u>\$1,831,865</u>

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**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 \$358,378 in SGR funding and incurred \$0 SGR expenditures. The Authority recorded a balance of unspent SGR proceeds and interest of \$666,449 as of June 30, 2020. Total funding allocated to the Authority as of June 30, 2020 is \$937,845.

<b>Program Revenues:</b>	
Allocation Received	\$358,378
Interest Earned	5,456
<b>Total Program Revenues</b>	<u>363,834</u>
 <b>Change in fund balance</b>	 363,834
 <b>Beginning Program Fund Balance</b>	 <u>302,615</u>
 <b>Ending Program Fund Balance</b>	 <u><u>\$666,449</u></u>

***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.

The Authority did not receive or expend any LCTOP funding during the fiscal year. Total funding allocated from the LCTOP program to the Authority is \$1,053,836 as of June 30, 2020. The Authority recorded a balance of unspent LCTOP funding and interest of \$430,194 as of June 30, 2020.

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**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.

**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.

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**NOTE 7 – RISK MANAGEMENT**

The Authority purchased the following insurance policy coverage at June 30, 2020:

<u>Type of Coverage</u>	<u>Limit</u>	<u>Deductible</u>
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 25,000
Crime Insurance	1,000,000	2,500
<u>Type of Coverage (related to Ferry Services)</u>		
Marine commercial liability, Terminal operators liability and Wharfingers liability	\$1,000,000 to 3,000,000	\$2,500
Auto liability		
2020 Toyota Camry	1,000,000	1,000
Property Insurance		
Pier 9 Offices, Pier 9 Berthing Facility, Central Bay O&M Facility, North Bay O&M Facility, Vallejo Ferry Ticket Office, San Francisco Harbor Bay, Alameda Main Street, Alameda Seaplane Lagoon, Oakland Clay Street, Vallejo, Mare Island, South San Francisco, Richmond.	164,295,103	25,000 to 250,000
Excess marine liability	24,000,000	N/A

The Authority did not have any claims in fiscal year 2020.

**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.



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**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.

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**NOTE 9 – PENSION PLAN (Continued)**

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

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
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%	6.75%
Required employer contribution rates	11.432%	6.985%

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, 2020, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous
	Tier I & Tier II
Contributions - employer	\$245,274
Contributions - employee (paid by employer)	149,314

**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2020**

**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, 2020, 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	\$101,947
Total Net Pension Liability (Asset)	\$101,947

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, 2019, 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, 2018 rolled forward to June 30, 2019 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, 2018 and 2019 was as follows:

	Miscellaneous
Proportion - June 30, 2018	-0.0027%
Proportion - June 30, 2019	0.0025%
Change - Increase (Decrease)	0.005246%

**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2020**

**NOTE 9 – PENSION PLAN (Continued)**

For the year ended June 30, 2020, the Authority recognized a negative pension expense of \$390,153. At June 30, 2020, 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	\$245,274	
Differences between actual and expected experience	7,081	(\$549)
Changes in assumptions	4,861	(1,723)
Net differences in actual contributions and proportionate contributions	176,956	(65,661)
Net differences between projected and actual earnings on pension plan investments	0	(1,782)
Adjustments due to changes in proportion	140,955	(13,312)
Total	<u>\$575,127</u>	<u>(\$83,027)</u>

Deferred outflows of \$245,274 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

	Miscellaneous
Year Ended	Annual
June 30	Amortization
2021	\$140,319
2022	87,147
2023	18,999
2024	361
Total	<u>\$246,826</u>

**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
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For the Year Ended June 30, 2020**

**NOTE 9 – PENSION PLAN (Continued)**

***Actuarial Assumptions*** – For the measurement period ended June 30, 2019, the total pension liability was determined by rolling forward the June 30, 2018 total pension liability. The June 30, 2018 and June 30, 2019 total pension liability was based on the following actuarial methods and assumptions:

	Miscellaneous
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
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
	Derived using CalPERS Membership Data for all Funds
Mortality Rate Table (1)	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter
Post Retirement Benefit Increase	

(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, 2018 valuation were based on the results of a December 2017 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.

**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2020**

**NOTE 9 – PENSION PLAN (Continued)**

***Discount Rate*** – The discount rate used to measure the total pension liability for the 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, 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 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 rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equal rate calculated above and adjusted to account for assumed administrative expenses.

**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2020**

**NOTE 9 – PENSION PLAN (Continued)**

The table below reflects the expected real rate of return by asset class.

Asset Class <sup>1</sup>	Current Target Allocation	Real Return Years 1 - 10 <sup>2</sup>	Real Return Years 11+ <sup>3</sup>
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	<u>100%</u>		

(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:

	<u>Miscellaneous</u>
1% Decrease	6.15%
Net Pension Asset	\$1,062,020
Current Discount Rate	7.15%
Net Pension Asset	\$101,947
1% Increase	8.15%
Net Pension Liability	(\$690,525)

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

**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2020**

**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, 2020, 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, 2020:

Active plan members	16
Inactive employees or beneficiaries currently receiving benefit payments	3
Inactive employees entitled to but not yet receiving benefit payments	2
Total	<u>21</u>

**B. Net OPEB Asset**

**Actuarial Methods and Assumptions** – The Authority's net OPEB asset was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation dated June 30, 2019, based on the following actuarial methods and assumptions:

	<u>Actuarial Assumptions</u>
Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Actuarial Assumptions:	
Discount Rate	6.75%
Long-Term Net Rate of Return	6.75%
Inflation	2.75%
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 experience study
Mortality Improvement	Scale MP-2019
Medical Trend	-Non-Medicare - 7.5% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years -Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years



**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
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For the Year Ended June 30, 2020**

**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	59%	4.82%
Fixed Income	25%	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:

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2019 (June 30, 2018 measurement date)	\$779,750	\$849,461	(\$69,711)
Changes Recognized for the Measurement Period:			
Service cost	71,170		71,170
Interest	57,170		57,170
Benefit changes	(318,925)		(318,925)
Difference between expected and actual experience	(69,195)		(69,195)
Changes of assumptions	29,188		29,188
Contributions from the employer		91,319	(91,319)
Net investment income		54,997	(54,997)
Benefit payments and refunds	(7,919)	(7,919)	-
Administrative expenses		(229)	229
Net Changes	(238,511)	138,168	(376,679)
Balance at June 30, 2019 (June 30, 2019 measurement date)	\$541,239	\$987,629	(\$446,390)

**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2020**

**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 \$3,610.

**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%)
Net OPEB Liability	(\$363,916)	(\$446,390)	(\$513,671)

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	(\$530,476)	(\$446,390)	(\$339,478)

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

For the year ended June 30, 2020, the Authority recognized OPEB expense of (\$256,612). At June 30, 2020, 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	\$82,310	
Difference between expected and actual experience		\$61,149
Changes in assumptions	25,794	
Net difference between projected and actual earnings on plan investments		10,086
Total	\$108,104	\$71,235

**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2020**

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

The \$82,310 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, 2021. 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
2021	(\$8,529)
2022	(10,529)
2023	(5,530)
2024	(4,106)
2025	(4,652)
Thereafter	(12,095)
Total	(\$45,441)

**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, 2020, the Authority had made commitments for the following projects:

Purchase New Commuter Class High-Speed Vessel	\$14,488,426
Purchase Replacement Vessel - MV Bay Breeze & MV Vallejo	36,594
Vessel Engine Overhaul - MV Argo & MV Carina	64,135
Install Mooring Piles - Harbor Bay Terminal	29,069
Central Bay Operations & Maintenance Facility	21,054
San Francisco Downtown Ferry Terminal Expansion	234,774
Total	\$14,874,052

**NOTE 12 – SUBSEQUENT EVENT**

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.

**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2020**

**NOTE 12 – SUBSEQUENT EVENT (CONTINUED)**

To implement these plans, staff engaged the services of Bartel & Associates, LLC to develop an actuarial estimated of the Authority's benefit liability for each plan. The results of the actuarial valuation, dated June 30, 2019, indicate a net obligation of \$2,669,030 for both plans as of June 30, 2020. This report further indicates that pre-funding the obligation through an investment of \$1,838,503, which is reflected in Authority's FY 2019/20 Finance Statements, would reduce this liability to zero. Also, as a newer agency, with a limited retirement obligation at this time, pre-funding the Authority's obligation now represents a smart approach to the long-term financial health and management of the Authority's operating expense.

Authority staff investigated options for pre-funding the retirement obligation in consultation with agency legal counsel from Hanson Bridgett LLP. Based on this work, the Authority established single employer Internal Revenue Code (IRC) Section 401(a)-compliant trust and investment accounts for the Retirement Plan and the Replacement Benefits Plan with U.S. Bank Institutional Trust and Custody in August 2020.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2020**

**San Francisco Water Emergency Transportation Authority's Miscellaneous Plan,  
a Cost-Sharing Multiple-Employer Defined Pension Plan  
As of fiscal year ending June 30, 2020  
Last 10 Years\***

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

<b>Measurement Date</b>	<b>6/30/2014</b>	<b>6/30/2015</b>	<b>6/30/2016</b>	<b>6/30/2017</b>	<b>6/30/2018</b>	<b>6/30/2019</b>
Plan's Proportion of the Net Pension Liability/(Asset)	0.010204%	0.016026%	0.011107%	0.007533%	-0.002877%	0.002546%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$748,940	\$439,655	\$385,835	\$296,963	(\$108,435)	\$101,947
Plan's Covered Payroll	\$1,217,627	\$1,363,751	\$1,453,752	\$1,597,597	\$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%	-6.79%	5.84%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	81.15%	79.89%	75.87%	75.39%	77.69%	77.73%

\* 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, 2020

San Francisco Water Emergency Transportation Authority's Miscellaneous Plan,  
a Cost-Sharing Multiple-Employer Defined Pension Plan  
As of fiscal year ending June 30, 2020  
Last 10 Years \*

### SCHEDULE OF CONTRIBUTIONS

	6/30/2015		6/30/2016		6/30/2017		6/30/2018		6/30/2019		6/30/2020	
	Actuarially determined contribution	\$222,396	Actuarially determined contribution	\$434,477	Actuarially determined contribution	\$391,333	Actuarially determined contribution	\$516,162	Actuarially determined contribution	\$202,432	Actuarially determined contribution	\$245,274
Contributions in relation to the actuarially determined contributions		(222,396)		(434,477)		(391,333)		(516,162)		(202,432)		(245,274)
Contribution deficiency (excess)		\$0		\$0		\$0		\$0		\$0		\$0
Covered payroll		\$1,363,751		\$1,453,752		\$1,597,597		\$1,744,351		\$1,890,469		\$2,184,929
Contributions as a percentage of covered payroll		16.31%		29.89%		24.50%		29.59%		10.71%		11.23%
<b>Notes to Schedule</b>												
Valuation date:		6/30/2013		6/30/2014		6/30/2015		6/30/2016		6/30/2017		6/30/2018
Methods and assumptions used to determine contribution rates:												
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	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	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	Level percentage of payroll, closed	Level percentage of payroll, closed
Remaining amortization period	30 years	30 years	30 years	30 years	30 years	30 years	30 years	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	5-year smoothed market	5-year smoothed market	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%	2.75%	2.75%	2.75%	2.75%	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	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	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 55 yrs. Misc., 62 yrs. Tier 2	7.5%, net of pension plan investment and administrative expenses, including inflation 55 yrs. Misc., 62 yrs. Tier 2	7.5%, net of pension plan investment and administrative expenses, including inflation 55 yrs. Misc., 62 yrs. Tier 2	7.5%, net of pension plan investment and administrative expenses, including inflation 55 yrs. Misc., 62 yrs. Tier 2	7.68%, net of pension plan investment and administrative expenses, including inflation 55 yrs. Misc., 62 yrs. Tier 2	7.68%, net of pension plan investment and administrative expenses, including inflation 55 yrs. Misc., 62 yrs. Tier 2	7.15%, net of pension plan investment and administrative expenses, including inflation 55 yrs. Misc., 62 yrs. Tier 2	7.15%, net of pension plan investment and administrative expenses, including inflation 55 yrs. Misc., 62 yrs. Tier 2	7.15%, net of pension plan investment and administrative expenses, including inflation 55 yrs. Misc., 62 yrs. Tier 2	7.15%, net of pension plan investment and administrative expenses, including inflation 55 yrs. Misc., 62 yrs. Tier 2	7.15%, net of pension plan investment and administrative expenses, including inflation 55 yrs. Misc., 62 yrs. Tier 2	7.15%, net of pension plan investment and administrative expenses, including inflation 55 yrs. Misc., 62 yrs. Tier 2
Retirement age	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 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 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.	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.
Mortality												

\* 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, 2020**

**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, 2020**

Last Ten Fiscal Years \*

	<b>Other Post-Employment Benefits (OPEB) Agent Multiple Employer Plan</b>		
Measurement period	June 30, 2017	June 30, 2018	June 30, 2019
<b>Total OPEB liability</b>			
Service cost	\$67,000	\$69,097	\$71,170
Interest	44,000	49,653	
Benefit changes			(318,925)
Differences between expected and actual experience			(69,195)
Assumption changes			29,188
Benefit payments	(10,000)	(11,000)	(7,919)
Changes of benefit terms			57,170
<b>Net change in total OPEB liability</b>	101,000	107,750	(238,511)
<b>Total OPEB liability - beginning</b>	571,000	672,000	779,750
<b>Total OPEB liability - ending (a)</b>	<u>\$672,000</u>	<u>\$779,750</u>	<u>\$541,239</u>
<b>OPEB fiduciary net position</b>			
Contributions - employer	\$194,000	\$88,000	\$91,319
Contributions - employee			
Net investment income	50,000	55,796	54,997
Benefit payments	(10,000)	(11,000)	(7,919)
Administrative expense		(1,335)	(229)
Other changes			
<b>Net change in plan fiduciary net position</b>	234,000	131,461	138,168
<b>Plan fiduciary net position - beginning</b>	484,000	718,000	849,461
<b>Plan fiduciary net position - ending (b)</b>	<u>\$718,000</u>	<u>849,461</u>	<u>\$987,629</u>
<b>Plan net OPEB liability (asset) - ending (a) - (b)</b>	<u>(\$46,000)</u>	<u>(\$69,711)</u>	<u>(\$446,390)</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<u>106.85%</u>	<u>108.94%</u>	<u>182.48%</u>
<b>Covered payroll</b>	<u>\$1,598,000</u>	<u>\$1,746,000</u>	<u>\$1,890,469</u>
<b>Plan net OPEB liability as a percentage of covered payroll</b>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

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



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

**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2020**

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)  
SCHEDULE OF CONTRIBUTIONS  
For the Year Ended June 30, 2020

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

	2017-18	2018-19	2019-20
Actuarially determined contribution	\$74,000	\$83,354	\$69,147
Contributions in relation to the actuarially determined contribution	88,000	91,319	82,310
Contribution deficiency (excess)	(\$14,000)	(\$7,965)	(\$13,163)
Covered payroll	\$1,746,000	\$1,890,469	\$2,185,976
Contributions as a percentage of covered payroll	5.04%	4.83%	3.77%

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

**Notes to Schedule:**

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2017	June 30, 2017	June 30, 2019
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
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
Discount Rate	6.75%	6.75%	6.75%
General Inflation	2.75%	2.75%	2.75%
Aggregate Payroll Increases	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
Mortality, Retirement, Termination & Disability	CalPERS 1997-2011 experience study	CalPERS 1997-2011 experience study	CalPERS 1997-2015 experience study
Mortality Improvement	Scale MP-2017	Scale MP-2017	Scale MP-2019

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

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