COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED JUNE 30, 2018 & 2017

SAN FRANCISCO, CA

GOLDEN GATE BRIDGE HIGHWAY & TRANSPORTATION DISTRICT

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Golden Gate Bridge, Highway and Transportation District

Comprehensive Annual Financial Report

For the Fiscal Years Ended June 30, 2018 and 2017

SAN FRANCISCO, CALIFORNIA
www.goldengate.org
Prepared by the Accounting Department, Office of the Auditor-Controller
Joseph M. Wire, Auditor-Controller/CFO

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GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Years Ended June 30, 2018 and 2017

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Introductory Section

October 12, 2018

Board of Directors
Golden Gate Bridge, Highway and
Transportation District
P. O. Box 9000, Presidio Station
San Francisco, CA 94129-0601

Subject: Golden Gate Bridge, Highway and Transportation District, San Francisco, CA
Comprehensive Annual Financial Report

We are pleased to present the Comprehensive Annual Financial Report for the Golden Gate Bridge, Highway and Transportation District (District) for the fiscal year ended June 30, 2018. This transmittal letter provides a summary of the District's finances, services, achievements, and economic prospects for readers without a technical background in accounting or finance. Readers may refer to the Management's Discussion and Analysis portion of the Financial Section of this report, beginning on page 18 for a more detailed discussion of the District's financial results.

Management assumes sole responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge, we believe this report to be complete and reliable in all material respects. To provide a reasonable basis for making this representation, we have established a comprehensive system of internal controls designed to protect the District's assets from loss, to identify and record transactions accurately and to compile the information necessary to produce financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not exceed the likely benefits, the District's internal control system intends to provide reasonable, but not absolute, assurance that the financial statements are free from material misstatement.

The District's financial statements have been audited by Vavrinek, Trine, Day & Co., LLP, Certified Public Accountants. The firm is based in Palo Alto, CA, and is licensed to practice in the State of California. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2018, are free of material misstatement. The auditor expressed an opinion that the District's financial statements are fairly stated in all material respects and in compliance with accounting principles generally accepted in the United States of America. This conclusion is the most favorable kind and is commonly known as an "unmodified" or "clean" opinion. Financial statements and the auditor's opinion can be found in the Financial Section of this report which commences on page 15.

The District is also required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular - Audits of States, Local Governments and Non-Profit Organizations. The results of this audit, including findings and recommendations, if any, can be found in the Single Audit Section of this report, starting on page 105.

Profile of the Agency

On December 4, 1928, the District was incorporated as a special district of the State of California as the entity established to design, construct, finance, and operate the Golden Gate Bridge. The District was created under the Bridge and Highway District Act of 1923 and is subject to regulation under this Act, as amended. A 19-member Board of Directors (Board) sets policy for the District. Board members represent the counties of Marin, Sonoma, Del Norte, the City and County of San Francisco, and portions of Napa and Mendocino counties.

On November 10, 1969, the State of California legislature passed Assembly Bill 584 authorizing the District to develop a transportation facility plan for implementing a mass transportation program in the Highway 101/Golden Gate Corridor as a means of managing traffic congestion across the Bridge as traffic levels had reached capacity. The mass transportation program was to include any and all forms of transit, including ferry transit. At that time, the word "Transportation" was added to the District name to indicate its new commitment to public transportation.

Since 1970, the District has maintained and operated three service-oriented divisions: Golden Gate Bridge (Bridge) which opened to traffic on May 28, 1937, Golden Gate Ferry (GGF) which launched its first vessel on August 15, 1970, and Golden Gate Transit bus service (GGT) which began regional service on January 1, 1972. An administrative division supports operations and includes functions such as finance, information systems, customer relations, environmental health and safety, human resources, planning, and marketing. The District employs 821 employees, up from 820 in FY 2016/2017.

The District is unique in the San Francisco Bay Area in that its operations and administration are not supported by direct sales tax measures or dedicated general funds. Primary sources of revenues are derived from the operation itself (Bridge tolls and transit fares), supplemented by government grant programs, investments and capital contributions, along with limited revenue programs such as transit advertising, concessions, and leases. The District's FY 2017/2018 programs and services were based upon an adopted Operating Budget of $219.5 million and a Capital Budget of $30.3 million.

Financial Condition of the District

Local Economy

The San Francisco Bay Area's economy continues to rebound from the effect of the earlier nationwide recession (2008) and global recession (2009). Despite this improvement, recent changes in demographics and lifestyles are impacting traffic and ridership levels:

- 3.2 million customers rode Golden Gate regional buses (up 0.1 million from FY 2016/2017)
- 2.6 million customers rode Golden Gate ferries (up 0.1 million from FY 2016/2017)
- 20.5 million vehicles crossed the Bridge southbound (down 0.1 million from FY 2016/2017).

The growth in the retirement population in Marin along with increased telecommute patterns have resulted in a small decrease in use of transit services for commute purposes. Commute riders make up the largest portion of the transit ridership. In addition, competing transit alternatives from private carriers have resulted in less ridership. Traffic has stabilized, even with a growing economy and fairly inexpensive gasoline pricing, as telecommuting has become more acceptable. When looking at unemployment figures from the U.S. Bureau of Labor Statistics, California's unemployment rate for June 2018 was 4.2 percent, a decrease from 4.9 percent in June 2017. However, local unemployment rates are much lower. In Marin and San Francisco counties, the unemployment rates for both counties have were 2.7 percent for June 2018, compared to June 2017's results of 3.1 percent.

Long-Term Financial Planning

As noted above, the District has limited funding sources that include tolls, transit fares, government grants, and revenues from advertising, concessions and leases. To develop financial strategies to sustain its services and operations, the Board adopted a Financial Plan for Achieving Long-Term Financial Stability (Plan) in October 2002 which was redone in 2009 and then again in 2014. The Plans encompass and reflect the following:

- The findings of the Five and Ten-Year Projections (Projections) which are prepared annually, following the adoption of the annual budget. The Projections serve as a road map for the setting of fiscal policy as they incorporate previously enacted policies and programs, demonstrate the District's fiscal status, and facilitate the Board in appropriately redirecting policies.
- The data in the Short Range Transportation Plan (SRTP). The SRTP is updated periodically, with the most recent edition covering the period of 2015–2024. The development of the SRTP is the principal process for creation and modification of the District's transit service goals, objectives, measures, and standards.
- The District's Mission Statement: The mission of the Golden Gate Bridge, Highway and Transportation District is to provide safe and reliable operation, maintenance, and enhancement of the Golden Gate Bridge and to provide transportation services, as resources allow, for customers within the U.S. Highway 101 Golden Gate Corridor.
- Ensure that both revenue enhancements and expense reductions initiatives are identified for consideration, evaluation, and public input, with expense reductions focused on efficiencies in services rather than the elimination of services.

An updated five and ten-year projection (FY 2019/2020 to FY 2028/2029) was presented to the Board in September 2018; coupled with the FY 2018/2019 budget, the five-year projection has grown slightly from the prior year's projection ($74 million in current projection compared to $72 million in the previous year's projection, an increase of $2 million). By the tenth year, the deficit has grown from $339 million to $340 million. This increase is primarily due to bridge toll rates remaining flat, with no increases currently planned.

It should be noted that the five and ten-year projections are for a rolling period; as a result, the deficits are not reflective for the same five years. If the projections were restated for the same five and ten-year periods, the deficit is actually reduced in the first five years by $28 million to $43 million; the ten-year projection would be reduced by $84 million to $278 million.

The District aggressively pursues programs to contain its costs and increase its revenues. Refer to the Major Initiatives section on page 4 for more information on cost cutting and revenue generating strategies implemented this past year.

Relevant Financial Policies

The annual budget is a culmination of the strategic directions and priorities of the Board and is structured to reflect the goals of the Board's long-term strategic planning process. Included within the Budget are funding strategies to attain sufficient funding for Board-approved capital projects and establishment of Board approved funding for special reserves, some of which may carry legal implications. These reserves are as follows:

Operating Reserve. A funding of 7.5 percent of the operating budget or to cover the expected operating deficit, whichever is larger.

Emergency Reserve. A funding of 3.5 percent of the operating budget to enable the amount kept in reserve for emergencies to remain relative to the size of the District's operations.

Debt Issuance and Management. A required funding under the terms of the District's Commercial Paper covenants.

Board Designated Reserves. Funding as designated by the Board to cover specific items such as Bridge Self-Insurance Loss Reserve and the Capital Plan Reserve.

Major Initiatives

Suicide Deterrent System Construction Underway

The suicide deterrent system (SDS) construction project is underway, with steel elements being manufactured at various locations across America. District engineers are overseeing the production of the elements which will create the net system. Access platforms are also under construction and ladders are being placed along the side of the Bridge to provide workers a method to reach those construction platforms. The construction requires occasional night time lane closures. Once completed, the SDS will stretch 1.7 miles along each side of the Golden Gate Bridge. It will be located 20 feet below the sidewalk and extend out 20 feet on either side of the Bridge, to prevent easy access to the water below. Barrier completion is expected in 2021. The total project cost is $211 million and is funded by state, federal, and District funds.

New Toll Gantry Design

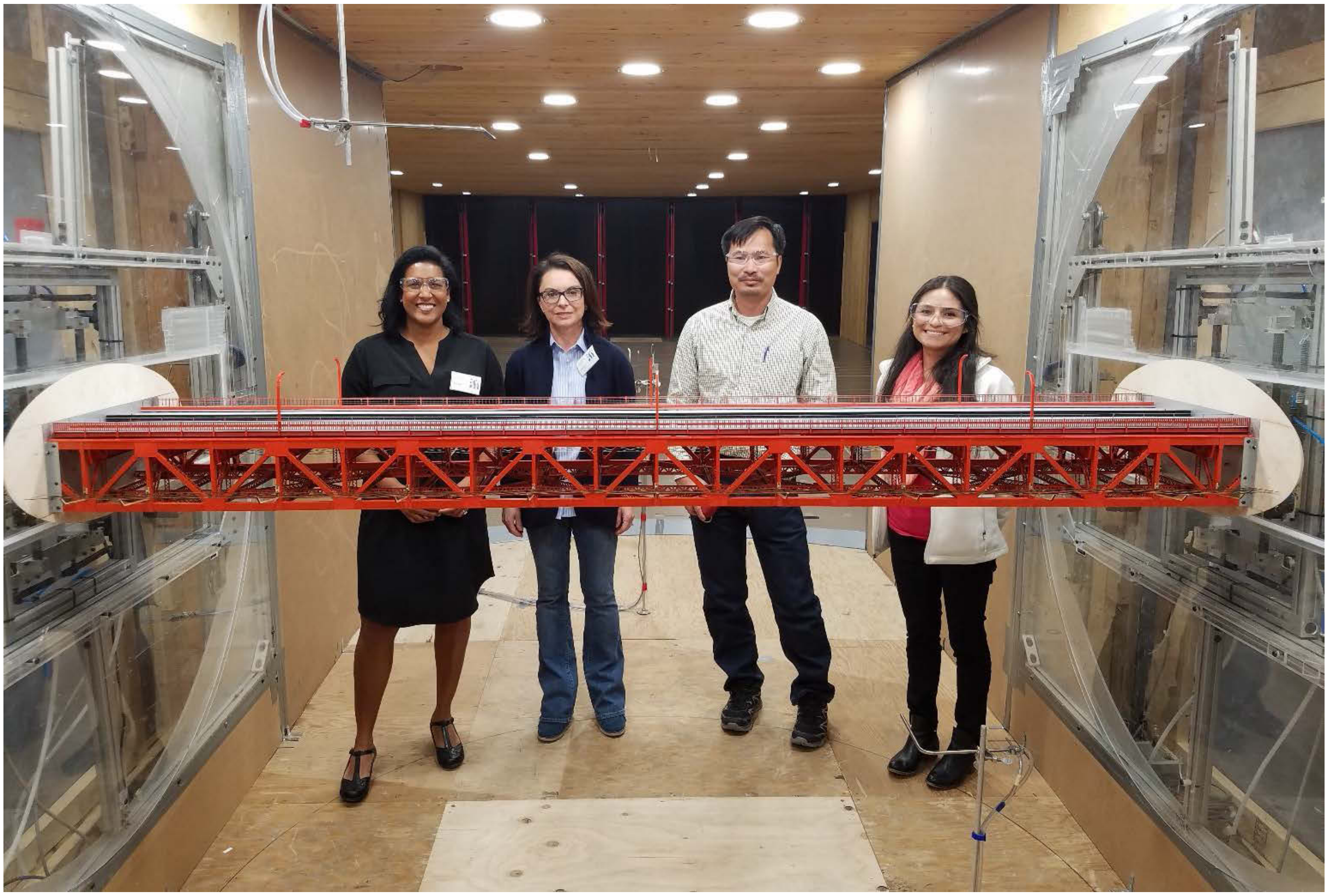
The District is updating its toll collection system to keep up with California state standards and technological improvements in tolling. A new gantry structure will be located south of the current tollbooths, stretching over the roadway. This design provides safety benefits to both drivers and District workers, as maintenance will be done above the roadway, eliminating lane closures. The current toll booths are not being removed as part of this project. After considering community input, the Board of Directors unanimously selected the "Bridge Lights" design.

New Method for Tower Inspections

In order to make sure the Golden Gate Bridge towers are structurally sound and to comply with federal regulations, the District inspected the steel using teams of inspectors rappelling down the sides of the towers. This type of inspection provided an opportunity for engineers to check the condition at an arms' length. The April 2018 inspection yielded in-depth reports showing the Bridge towers are in excellent structural shape, with some need for surface improvements due to peeling paint and corrosion.

Wind Tunnel Studies for the Seismic Retrofit

Preparation for construction of the final phase of the seismic retrofit project on the Golden Gate Bridge, known as Phase IIIB, continued this year. As part of those preparations, wind tunnel tests were conducted on a scale model of the suspension span portion of the Bridge. The tests were designed to consider the construction platforms needed for the installation of the seismic dampers and other adjustments necessary to improve the Bridge's stability in a major earthquake. The District continues to seek necessary funding to begin construction on Phase IIIB. Completion of the retrofit will take several years.

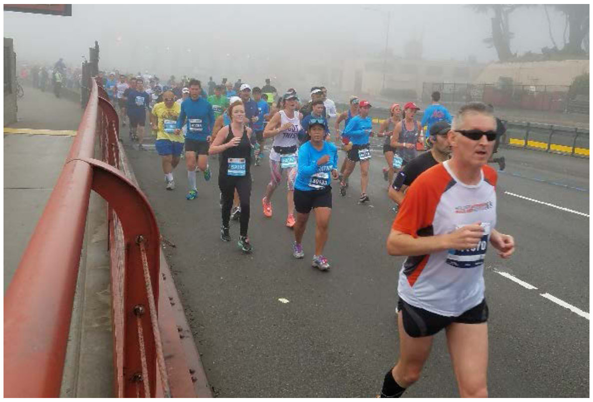


South Viaduct Painting

A multi-year project of improving the South Approach Viaduct began in earnest this year, with painters and ironworkers focusing their efforts on removing all paint down to the bare metal, repairing corroded steel elements, and building up the fresh layers of paint to defend the structure against the salty marine air for decades ahead. The entire area is enclosed in order to shield the sensitive surrounding environment from hazardous waste, while also providing a safe, protected environment for District employees to conduct their work.

Traffic Congestion Management

During high visitation periods, particularly during the summer and holidays, traffic on the Golden Gate Bridge can slow to a crawl northbound as drivers vie for limited parking adjacent to the span. To mitigate this issue, the District worked with Caltrans to close the Vista Point parking lot to personal vehicle traffic during the busiest times. The District also worked with the Presidio Trust and National Park Service to test various traffic flow improvement measures. Additionally, the public has been encouraged to visit the Bridge using public transit, bicycle, or a ride-sharing service.



Special Events On Sidewalks Only

The 40th San Francisco Marathon took place on the Golden Gate Bridge roadway on July 23rd, 2017. For the first time, the District closed the northbound lanes of the Bridge during the race to ensure runners would be safe from errant drivers. In September 2017, the District affirmed a policy that the Bridge roadway would no longer be closed for special events, and that all such occurrences would take place on the Bridge sidewalks.

Ferry

Golden Gate Ferry continues to be a popular option for commuters and tourists alike. Maintenance and improvement of the current seven-vessel fleet is the Ferry Division's highest priority. The M.S. Marin, M.V. Golden Gate, and M.V. Del Norte all underwent dry dock improvements. The engines were completely replaced in the M.S. Marin, which provides environmentally cleaner emissions. Additionally, as ferry trips between Larkspur and San Francisco are often at peak capacity, District staff has begun to research increasing service between the two locations, which are currently capped at 42 trips per day.

SMART Impacts

The Sonoma Marin Area Rail Transit (SMART) train system has begun operation, with a terminus adjacent to the District's C. Paul Bettini San Rafael Transit Center. SMART train tracks will bisect the Transit Center in the future, as trains will continue south to the Larkspur Ferry Terminal. This change will necessitate a replacement for the current Transit Center, which has nine-thousand daily boardings and alightings. The process to identify the best future location and build a new Transit Center, including conceptual designs and community discussions, is ongoing.

Going Greener

Design and construction of a new fleet of hybrid diesel-electric buses is ongoing, with testing and delivery expected in 2019. Additionally, in preparation to operate electric buses for Marin Transit, two charging stations were installed at the San Rafael Bus Yard. Bus performance will be monitored as the District continues to seek ways to green its bus fleet.

Community Engagement and Employee Growth

Golden Gate Transit bus drivers assisted in rescue operations during the North Bay wildfires in October 2017. Their participation was appreciated by the community. In April 2018, Golden Gate Transit held its first Bus Roadeo in several years, with winners going on to participate in the national tournament in Florida.

Online Solicitation Management System

In September of 2017, the District contracted with Bonfire Interactive for the provision of a fully hosted electronic sourcing platform. The new system provides a streamlined progression from vendor registration to contract award that results in faster and less expensive sourcing process for both the District and the vendor. The system provides instant access to business opportunities, automated plan-holders lists, electronic responses and evaluation, and easy access to bid results and contract award information on a cloud-based platform.

Kronos Time Keeping Implementation

The District has implemented an electronic timekeeping system to replace the former Excel-based timesheet and paper sign-in sheets. Kronos brings greater efficiencies for processing payroll. Since July 2017 the following departments have gone live with Kronos: ironworkers, operating engineers, painters, ferry mechanics, customer service reps, engineering and all non-represented staff.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for the fiscal year ended June 30, 2017. This is the eleventh consecutive year that the District has achieved this prestigious award. To be awarded a Certificate of Achievement, the District must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR). This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The District has also been awarded GFOA's Award for Distinguished Budget Presentation for the fiscal year beginning July 1, 2017. This is the twelfth consecutive year the District has received this award.

Grateful acknowledgement is made to the entire staff of the Finance Department and the Marketing Department as the preparation of this report would not have been possible without the efficient and dedicated services of these staff members.

Special appreciation is also expressed to the entire Board of Directors, the Executive Management Team and all District staff who remain steadfast to the District's mission of providing safe and reliable services.

Sincerely,

Denis J. Mulligan
General Manager/Chief Executive Officer

Joseph M. Wire
Auditor-Controller/Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Golden Gate Bridge

Highway and Transportation District

California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

District Board of Directors and Executive Management Team

as of June 30, 2018

Board of Directors

President

Sabrina Hernández, City & County of San Francisco

First Vice President

Barbara L. Pahre, Napa County

Second Vice President

Michael Theriault, City & County of San Francisco

City & County of San Francisco

Sandra Lee Fewer
Dick Grosboll
Elbert (Bert) Hill
John J. Moylan
Norman Yee

Marin County

Judy Arnold
Alice Fredericks
Patricia Garbarino
Kathrin Sears

Sonoma County

Gina Belforte
David A. Rabbitt
Brian M. Sobel

Napa County

See above

Mendocino County

James C. Eddie

Del Norte County

Gerald D. Cochran

Officers of the District

General Manager/CEO

Denis J. Mulligan

Auditor-Controller/CFO

Joseph M. Wire

Attorney

Kimon Manolius

District Engineer

Ewa Z. Bauer-Furbush

Secretary of the District

Amorette M. Ko-Wong

Deputy General Managers

Administration & Development

Kellee Hopper

Bridge Division

Steven Miller

Bus Division

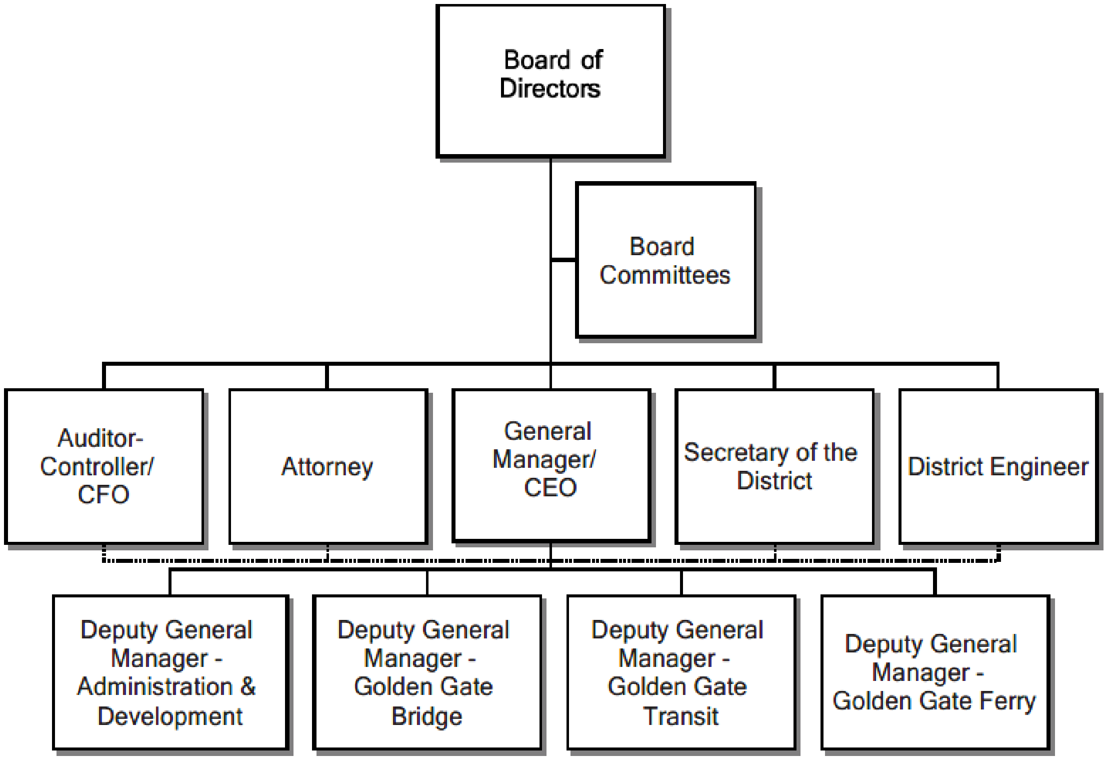
Mona A. Babauta

Ferry Division

James P. Swindler

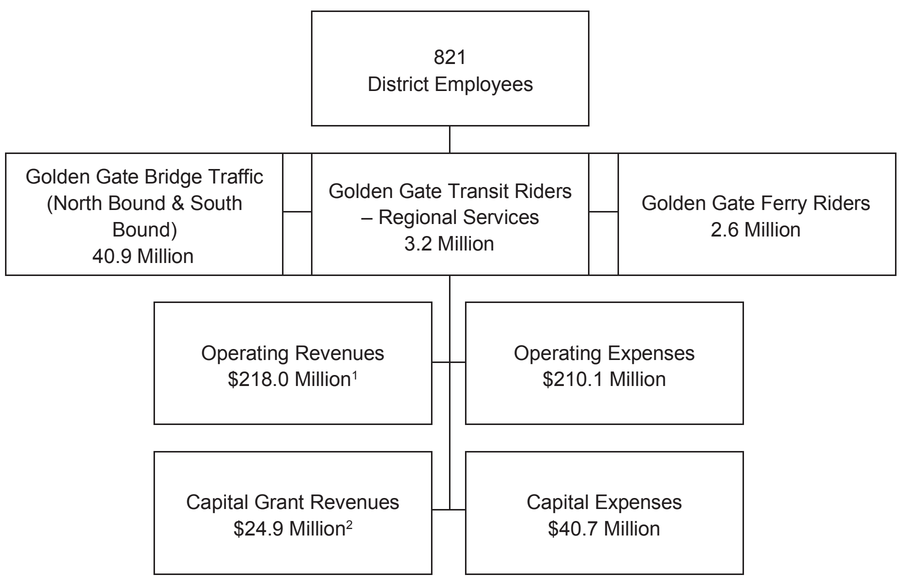
Note: As of June 30, 2018, there are two vacant seats representing the City and County of San Francisco.

District Organizational Chart



District Mission

The mission of the Golden Gate Bridge, Highway and Transportation District is to provide safe and reliable operation, maintenance and enhancement of the Golden Gate Bridge and to provide transportation services, as resources allow, for customers within the Highway 101 Golden Gate Corridor.



1. The Board of Directors designated up to $21.0 million in operating revenues to fund future capital projects; any excess of expenses over revenues is funded from accumulated Unrestricted Net Position.
2. The capital funding shortfall is funded by revenues designated for the capital projects by the Board of Directors in past years.

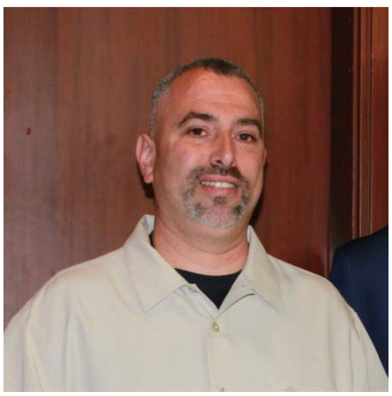
Transit Service Area Map

Employees of the Month

July 2017
Steve Song
Senior Civil Engineer

August 2017
William Golson
Lead Deckhand

September 2017
Kevin Horn & Jose Sanchez
Patrol Officers



October 2017
Joseph Montecino
Lead Bus Servicer

November 2017
Maurice Palumbo
Principal Planner

GOLDEN GATE BRIDGE
HIGHWAY & TRANSPORTATION DISTRICT

December 2017
Peter Guthlein
Marketing & Communications
Specialist

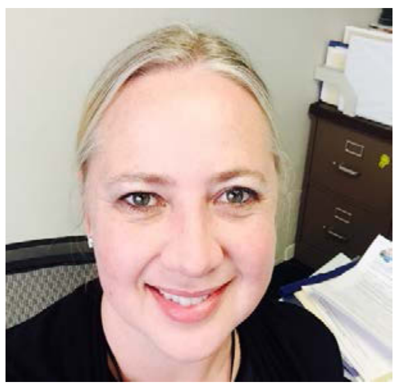
January 2018
Brian Howard
Carpenter

Employees of the Month (Continued)

February 2018
Amanda Hogarth
Vessel Master

March 2018
Customer Relations Dept.: Jim Douangta, Udelle Knudsen, Barbara LeBlanc, James Marklinger, Carlena Natouf, Daniel Norton

April 2018
Nicholas Gomez
Ironworker



May 2018
Justine Bock
Executive Assistant to the General Manager

June 2018
Karen Shelar
Environmental Health & Safety Specialist

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Financial Section

INDEPENDENT AUDITORS' REPORT

The Board of Directors of the
Golden Gate Bridge, Highway & Transportation District
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Enterprise Fund and Other Post-employment Benefits Trust Fund of the Golden Gate Bridge, Highway & Transportation District (District), as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

260 Sheridan Ave., Suite 440, Palo Alto, CA 94306 P 650.462.0400 F 650.462.0500 W vtdcpa.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the Enterprise Fund and Other Post-employment Benefits Trust Fund of the District as of June 30, 2018 and 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 10 and 14 to the financial statements, the District adopted the following new accounting pronouncements: GASB Statement No. 75, *Accounting and Reporting for Post-employment Benefit Plans Other than Pension Plans*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in net pension and OPEB liabilities and related ratios, schedules of pension and OPEB contributions, schedule of OPEB funding progress, and MEBA and IBU schedules of employer contributions 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, the statistical section, the supplemental schedule of revenues and expenses by division and the schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR),* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and supplemental schedule of revenues and expenses by division are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and supplemental schedule of revenues and expenses by division are fairly stated in all material respects, in relation to the financial statements taken as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October, 12 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 District's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California
October 12, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2018 AND 2017

The following Management's Discussion and Analysis (MD&A) of the Golden Gate Bridge, Highway and Transportation District's (District) activities and financial performance provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2018 and 2017.

Following this MD&A are the basic financial statements of the District together with the notes there to that are essential to a full understanding of the data contained in the financial statements.

This section should be read in conjunction with the transmittal letter located in the front of this report and the basic financial statements following this section.

DISTRICT ORGANIZATION AND BUSINESS

The District was formed under authority of the Golden Gate Bridge and Highway Act of 1923, and incorporated on December 4, 1928, to include within its boundaries the City and County of San Francisco, the counties of Marin, Sonoma, Del Norte, most of Napa county, and part of Mendocino counties. The District is governed by a 19-member Board of Directors that is appointed by the elected representatives of their constituent counties. Today, the District, based in San Francisco, operates the Golden Gate Bridge (Bridge), the regional Golden Gate Transit (GGT) bus service connecting Sonoma, Marin, San Francisco, and Contra Costa counties, and the Golden Gate Ferry (GGF) system, which links Marin and San Francisco counties. An administrative division supports these operating divisions. To fund its public transportation services, the District relies primarily on toll and transit fares. The disbursement of funds received by the District is controlled by statute and by provisions of various grant contracts entered into with the federal government, the State of California, and other local governments. The General Manager oversees the operations of all divisions according to the policy and direction of the Board of Directors (Board).

A summary of District indicators (in thousands) is shown below:

	2018	2017	2016
Total southbound vehicle crossings	20,469	20,592	20,557
% increase/(decrease)	(0.6%)	0.2%	2.3%
Bus patronage - regional service	3,159	3,137	3,499
% increase/(decrease)	0.7%	(10.3%)	(3.2%)
Ferry patronage	2,578	2,523	2,545
% increase/(decrease)	2.2%	(0.9%)	0.2%

The District is unique among Bay Area transit operations because it provides transit services without support from direct sales tax measures or dedicated general funds. As the District does not have the authority to levy taxes, the use of surplus Bridge toll revenue is the only available local means the District has to support the District's regional bus and ferry transit services. Presently, GGT and GGF operations are funded approximately 44% by Bridge tolls and 25% by transit fares. In addition, operating grants, along with state and local funds received from Marin and Sonoma counties for the provision of transit services supported funding in the amount of 22%. See table "How the District was Funded in Fiscal Year 2018" shown on page 25 at the end of the Revenues section, for further funding details.

FINANCIAL POSITION SUMMARY

Total net position serves over time as a useful indicator of the District’s financial position. The District’s assets and deferred outflows exceeded liabilities and deferred inflows by $543.4 million at June 30, 2018, a $101.6 million decrease from June 30, 2017.

A condensed summary of the District’s net position (in thousands) at June 30 is shown below:

	2018	2017	2016
Assets:			
Current assets	$ 290,449	$ 269,875	$ 235,075
Capital and restricted assets	676,181	674,303	694,655
Total assets	966,630	944,178	929,730
Deferred Outflows of Resources	53,445	66,179	39,168
Liabilities:			
Current liabilities	33,172	33,108	38,499
Debt outstanding	61,000	61,000	61,000
Other noncurrent liabilities	368,696	265,924	221,358
Total liabilities	462,868	360,032	320,857
Deferred Inflows of Resources	13,762	5,290	6,333
Net Position:			
Net investment in capital assets	594,598	588,179	602,318
Restricted			
Debt service requirements	12,791	12,791	12,791
Unrestricted (deficit)	(63,944)	44,065	26,599
Total Net Position	**$ 543,445**	**$ 645,035**	**$ 641,708**

The increase in assets stems from investment holdings for future capital needs. Deferred outflows and inflows related to the District’s pension and other post-employment benefits (OPEB) activities decreased and increased respectively, as a result of changes in assumptions, the net difference between projected and actual earnings on plan assets, difference between expected and actual experience, and in the case in deferred outflows, contributions made subsequent to the measurement date.

The largest portion of the District’s net position (109.4% at June 30, 2018) represents its investment in capital assets (i.e., Bridge, buses, ferries, buildings, improvements, and equipment), less the related debt outstanding used to acquire those capital assets. The District uses these capital assets to provide services to its customers. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources required to repay this debt must be provided annually from operations, because the capital assets themselves are unlikely to be used to liquidate liabilities.

An additional portion of the District’s net position (2.0% at June 30, 2018) represents resources that are subject to external restrictions imposed by creditors (debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by laws through constitutional provisions or enabling legislation, that restrict the use of net position. Lastly, the unrestricted net position has decreased by $108.0 million over the prior year due primarily to the implementation of the new GASB Statement No. 75, which required recognition of the District’s Net OPEB liability.

The increase in other noncurrent liabilities is due to an increase in net pension liabilities and the implementation of GASB 75 in fiscal year 2018. GASB 75 which requires the District to include the unfunded OPEB liabilities in its financial statements. The implementation of GASB 75 resulted in an increase of $100 million to other noncurrent liabilities above the prior year. The District Board Policy is to contribute the Annual Defined Contribution to the OPEB trust fund which will eliminate the unfunded liability in the coming years. The District's financial plans allocate exiting available resources to future capital projects (see table below).

GASB 68 required the District to include the unfunded liabilities of the CalPERS and Golden Gate Transit Amalgamated Retirement Plan (GGTAR) pensions on its financial statement. The District is legally responsible for the ultimate actuarial funding for the benefits provided under CalPERS. By contract with CalPERS, the District is required to contribute the Annual Defined Contribution to CalPERS which will eliminate the unfunded liability in the coming years. The District is not legally responsible for the unfunded liabilities of the GGTAR, but is only legally responsible for the contributions agreed to under collective bargaining under the terms of the GGTAR. Thus, the District's financial plans allocate these exiting available resources to future capital projects (see table below).

Excluding the implementation of the most recent GASB Statement No. 75 OPEB Standards and GASB Statement No. 68 Pension Standards implemented in fiscal year 2015, the District has the following net position available for future capital and operating needs.

	2018	2017
Unrestricted Net Position	**$ (63,944)**	**$ 44,065**
GASB 68 Effect:		
CalPERS:		
Deferred Outflows	(30,073)	(26,235)
Net Pension Liability	128,899	118,872
Deferred Inflows	3,899	5,290
Subtotal CalPERS	102,725	97,927
GGTAR:		
Deferred Outflows	(21,279)	(39,944)
Net Pension Liability	105,360	111,223
Deferred Inflows	3,988	
Subtotal GGTAR	88,069	71,279
Total Net GASB 68 Effect	**190,794**	**169,206**
GASB 75 Effect:		
Deferred Outflows	(2,093)	-
Net Pension Liability	99,972	-
Deferred Inflows	5,875	-
Total Net GASB 75 Effect	**103,754**	**-**
Net Position Available for Future Capital and Operating Needs	**$ 230,604**	**$ 213,271**

FISCAL YEAR 2018 FINANCIAL OPERATIONS HIGHLIGHTS

- Operating revenues, when compared to the prior fiscal year, increased from $191.8 million to $196.5 million, a change of $4.7 million. This was primarily due to a toll rate increase, in which FasTrak® rates increased from $6.50 to $6.75, and Pay-By-Plate rates increased from $7.50 to $7.75. By year end, the average toll rate had climbed from $6.95 to $7.16.

- Operating expenses before depreciation, increased from $189.5 million in 2017 to $200.6 million in 2018, a change of $11.1 million. The increase was related to salaries, benefits, fuel and maintenance costs, and the District recognized pension expenses of $18.9 million in regards to the GGTAR.

- Operating losses before depreciation and other non-operating revenues and expenses reflected a loss of $4.1 million, a decrease of $6.4 million over last year's income of $2.3 million. Depreciation increased ($33.8 million in 2018 compared to $33.3 million in 2017) due to the impact of depreciation related to newly completed capital improvements (rehabilitation of the M.S. San Francisco and M.V. Mendocino; gangways, ramps, floats & fendering Shelf Life Extension Program.) As a result, operating loss before non-operating revenues showed a loss of $37.9 million in 2018 compared to a loss of $31.0 million in 2017.

- Non-operating net revenues/expenses amounted to $17.7 million in 2018 in net revenues compared to net revenue of $21.1 million in 2017. The decrease of $3.4 million is primarily the result of a reduction in operating grants. The State Controller's Report incorrectly categorized the District's $75 million contribution to the Doyle Drive Project as a loss of operating revenue which reduced the District's share of operating grants for one year. The District did not have a loss of operating revenue in that year but paid for the contribution for reserves. Capital grants from Federal, State and Local governments increased from $13.2 million in 2017 to $24.9 million in 2018. The District is involved in major projects such as the suicide deterrent project, the seismic retrofit project, various District Information Systems projects, South Viaduct Painting, new Toll Gantry Design and maintenance and improvement of the seven-vessel fleet.

FISCAL YEAR 2017 FINANCIAL OPERATIONS HIGHLIGHTS

- Operating revenues, when compared to the prior fiscal year, increased from $188.3 million to $191.8 million, a change of $3.5 million. This was primarily due to a toll rate increase, in which FasTrak® rates increased from $6.25 to $6.50, and Pay-By-Plate rates increased from $7.25 to $7.50. By year end, the average toll rate had climbed from $6.69 to $6.95.

- Operating expenses before depreciation, increased from $175.7 million in 2017 to $189.5 million in 2018, a change of $13.8 million. Although most costs were contained, the District recognized pension expenses of $19.8 million in regards to the GGTAR.

- Operating loss before depreciation and other non-operating revenues and expenses reflected income of $2.3 million, a decrease of $10.2 million over last year's income of $12.5 million. Depreciation increased ($33.3 million in 2018 compared to $31.3 million in 2017) due to the impact of depreciation related to newly completed capital improvements (Larkspur Ferry Terminal berth dredging, GGB Information Science Education Program, Bridge moveable median barrier, transit network access security, Bus security cameras and MCI bike racks). As a result, operating loss before non-operating revenues showed a loss of $31.0 million in 2018 compared to a loss of $18.7 million in 2017.

- Non-operating net revenues/expenses amounted to $21.1 million in 2018 in net revenues compared to net expenses of $53.1 million in 2017. The prior year was primarily due to the 2016 recognition of a one-time funding amount of $75.0 million to San Francisco County Transportation Authority for improvements related to Presidio Parkway (Doyle Drive commitment). Capital grants received in the form of grants from the Federal, State and Local governments decreased from $33.3 million in 2017 to $13.2 million in 2018. The District is involved in major projects such as the suicide deterrent project, the seismic retrofit project, various District Information Systems projects, rehabilitation of M.V. Del Norte, rehabilitation of M.V. Mendocino, and rehabilitation of M.V. Napa.

SUMMARY OF CHANGES IN NET POSITION
(In thousands)

	2018	2017	2016
Operating revenues	$ 196,527	$ 191,796	$ 188,273
Operating expenses	(200,573)	(189,472)	(175,734)
Income before depreciation and other non-operating revenue and expenses	(4,046)	2,324	12,539
Depreciation	(33,805)	(33,343)	(31,264)
Operating loss	(37,851)	(31,019)	(18,725)
Other non-operating revenue and expenses, net	17,711	21,133	(53,076)
Loss before capital grants	(20,140)	(9,886)	(71,801)
Capital grants	24,906	13,213	33,298
Change in Net Position	4,766	3,327	(38,503)
Net Position, beginning, as restated	538,679	641,708	680,211
Net Position, ending	**$ 543,445**	**$ 645,035**	**$ 641,708**

The restatement of the beginning of net position in fiscal year 2018 is due to the implementation of the GASB Statement No. 75, which required the recognition of the net other post-employment benefits liability.

DISTRICT TOLLS AND FARES

Golden Gate Bridge tolls are set by Board Policy and change when determined necessary by the Board. The changes to the toll rates over the last decade are listed as follows: in July of 2008, the District Board approved a 20% increase in the auto cash Bridge toll to $6.00 and a 25% increase in the FasTrak® toll to $5.00, effective September 2, 2008. In July, 2012, the District eliminated its free carpool program and implemented a car pool toll rate at 50% of the cash toll for 2-axle vehicles. In addition, tolls for multi-axle vehicles increased as part of a two-stage program; the second increase occurred in July of 2012. Finally, at its meeting in February, 2014, the Board approved an increase in the FasTrak® toll to $6.00, effective April 7, 2014, along with a $1.00 increase for Pay-By-Plate ($7.00). The Board also approved a five-year toll increase program in which a twenty-five cent increase occurred during each of the four subsequent years. As of July 2018, the FasTrak® toll is $7.00 and Pay-By-Plate is $8.00. These actions will contribute significantly to the reduction of the five-year deficit.

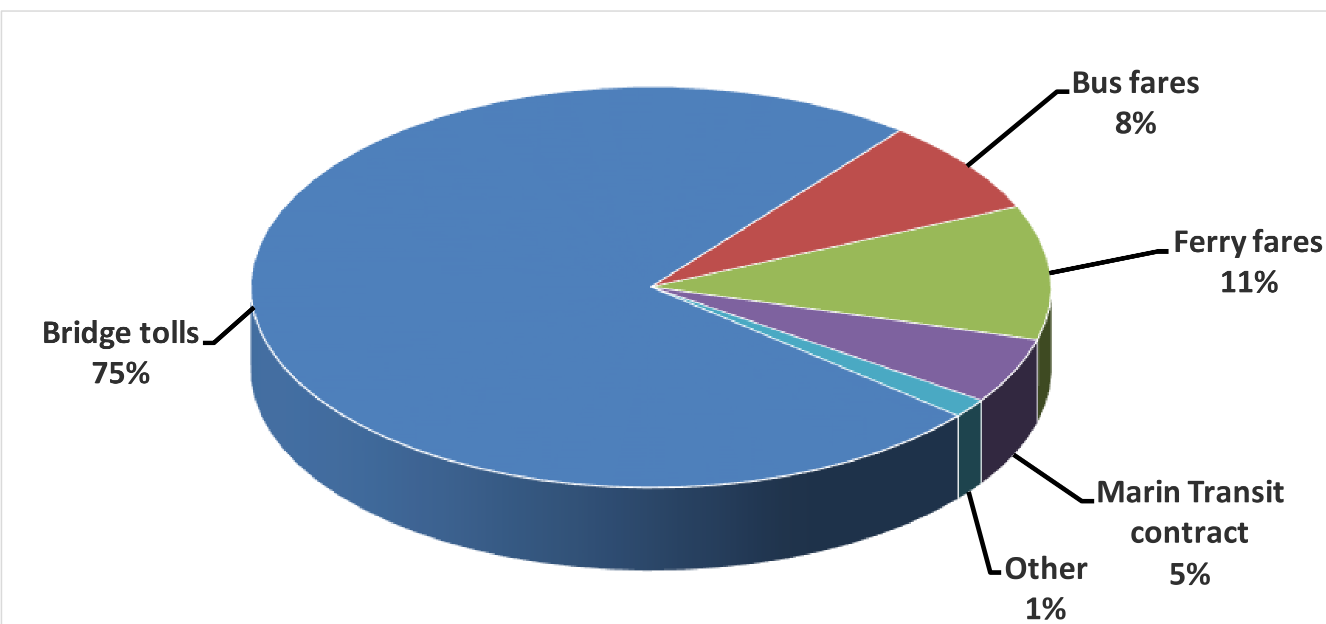
Golden Gate regional transit fares are set by Board Policy. Changes to the fare structure are typically established through five-year fare programs approximating a 5% increase each year. In April 2016, the Board approved a one-year fare increase of 4% effective July, 2016. This single year increase allowed additional research time to develop a more effective rate structure based upon zone coverage and operating costs. A revamped five-year plan was then passed effective July 2017. The current plan expires on June 30, 2022.

The following is a summary of tolls and fares:

	2018	2017	2016
Average Bridge toll	$7.16	$6.95	$6.69
Average bus fare-regional service	$4.81	$4.81	$4.49
Average ferry fare	$8.24	$8.05	$7.74

REVENUES

The following chart shows the major sources and the percentage of operating revenues for the year ended June 30, 2018 (tolls, transit fares and other):



A summary of revenues for the years ended June 30, 2018 and 2017, and the amount and percentage of change in relation to prior year amounts (in thousands), is as follows:

	2018 Amount	Percent of Total	Increase/ (Decrease) From 2017	Percent Increase/ (Decrease)
Operating Revenues:				
Bridge tolls	$ 146,596	60.3%	$ 3,585	2.5%
Bus fares	15,193	6.3%	88	0.6%
Ferry fares	21,255	8.7%	934	4.6%
Marin Transit contract	10,446	4.3%	236	2.3%
Other	3,037	1.3%	(112)	(3.6%)
Total operating revenues	196,527	80.9%	4,731	2.5%
Non-operating Revenues:				
Operating assistance	19,400	8.0%	(2,537)	(11.6%)
Investment income	2,084	0.9%	253	(59.4%)
Total non-operating revenues	21,484	8.8%	(2,284)	(71.0%)
Capital grants	24,906	10.3%	11,693	88.5%
Total Revenues	**$ 242,917**	**100.0%**	**$ 14,140**	**6.2%**

	2017 Amount	Percent of Total	Increase/ (Decrease) From 2016	Percent Increase/ (Decrease)
Operating Revenues:				
Bridge tolls	$ 143,011	62.5%	$ 5,392	3.9%
Bus fares	15,105	6.6%	(541)	(3.5%)
Ferry fares	20,321	8.9%	626	3.2%
Marin Transit contract	10,210	4.5%	(1,763)	(14.7%)
Other	3,149	1.4%	(192)	(5.7%)
Total operating revenues	191,796	83.8%	3,522	1.9%
Non-operating Revenues:				
Operating assistance	21,937	9.6%	2,632	13.6%
Investment income	1,831	0.8%	(1,991)	(52.1%)
Total non-operating revenues	23,768	10.4%	641	2.8%
Capital grants	13,213	5.8%	(20,085)	(60.3%)
Total Revenues	**$ 228,777**	**100.0%**	**$ (15,922)**	**(6.5%)**

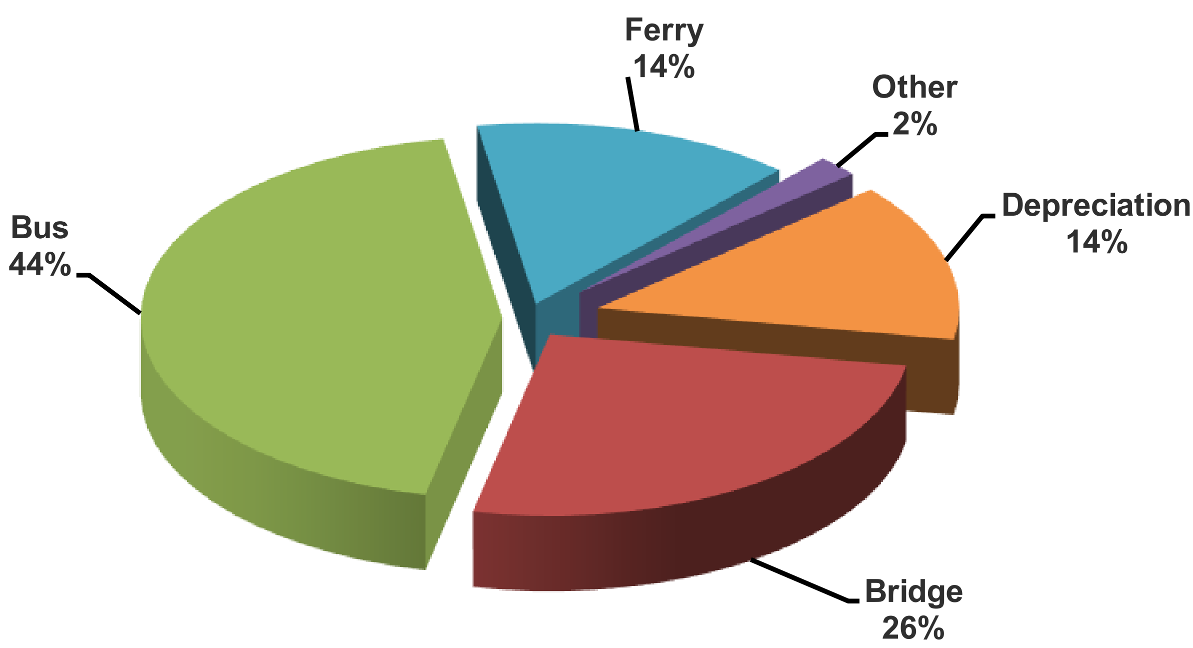
The primary reason for the increase in revenues in 2018 was due to the toll increase effective July 2017. In other areas, bus transit fare revenues increased slightly due to a five-year fare program implemented in March 2017 and overall bus ridership increasing marginally. Ferry ridership also increased somewhat due to the new service route with Tiburon, and a five-year fare program also implemented in March 2017 has increased fare revenues.

The District funds its operations with Bridge tolls, transit fares, government grants, and other revenues from operations or investments. The operations of the Bridge Division produce a surplus of Bridge toll revenues that are used to subsidize transit operations. In addition, in years where there are not sufficient Bridge toll revenues to fully subsidize transit operations, the District uses reserve funds to cover the shortfall. The reserves were funded with Bridge toll revenues from past years. The following table, which is derived from the Supplemental Schedule of Revenues and Expenses by Division (Non-GAAP Basis), shows how the divisions were funded in fiscal year 2018. The table includes transfers to designated reserves in the amount of $22.3 million to be used to fund capital projects and Bridge self-insurance.

	BridgeDivision		Bus Transit Division		Ferry Transit Division		Combined Transit Divisions		District Total	
Funding Category	**$**	**%**	**$**	**%**	**$**	**%**	**$**	**%**	**$**	**%**
Operating revenues:										
Bridge tolls	$ 81,300	97%	$ 53,100	50%	$ 12,200	30%	$ 65,300	44%	$ 146,600	64%
Patron fares			15,200	14%	21,300	53%	36,500	25%	36,500	16%
Marin Transit			10,400	10%		0%	10,400	7%	10,400	4%
Other revenues	2,600	3%	1,000	1%	1,500	4%	2,500	2%	5,100	2%
Government grants	100	0%	16,600	15%	2,700	7%	19,300	13%	19,400	8%
Funded by District Toll reserves			11,200	10%	2,600	6%	13,800	9%	13,800	6%
Total	**$ 84,000**	**100%**	**$ 107,500**	**100%**	**$ 40,300**	**100%**	**$ 147,800**	**100%**	**$ 231,800**	**100%**

EXPENSES

The following chart shows the major cost centers and the percentage of expenses (excluding disposal of assets and special items) for the year ended June 30, 2018:



Interest expense is related to the commercial paper notes issued to support the Golden Gate Bridge (Bridge) seismic retrofit project. Depreciation expense is divided among the Bridge, Bus, and Ferry divisions by 44%, 31%, and 25%, respectively.

A summary of expenses for the years ended June 30, 2018 and 2017, and the amount and percentage of change in relation to prior year amounts (in thousands), is as follows:

	2018 Amount	Percent of Total	Increase/ (Decrease) From 2017	Percent Increase/ (Decrease)
Operating Expenses:				
Bridge	$ 61,236	25.7%	$ 8,632	16.4%
Bus	105,063	44.1%	412	0.4%
Ferry	34,274	14.4%	2,057	6.4%
Total operating expenses, excluding depreciation	200,573	84.2%	11,101	5.9%
Other Expenses:				
Passed through grants	3,790	1.6%	1,573	71.0%
Interest expense	717	0.3%	291	68.3%
Depreciation	33,805	14.2%	462	1.4%
(Gain)/loss on disposal of assets	(734)	-0.3%	(726)	9075.0%
Total other expenses	37,578	15.8%	1,600	4.4%
Total Expenses	**$ 238,151**	**100.0%**	**$ 12,701**	**5.6%**

	2017 Amount	Percent of Total	Increase/ (Decrease) From 2016	Percent Increase/ (Decrease)
Operating Expenses:				
Bridge	$ 52,604	23.3%	$5,135	10.8%
Bus	104,651	46.4%	8,017	8.3%
Ferry	32,217	14.3%	586	1.9%
Total operating expenses, excluding depreciation	189,472	84.0%	13,738	7.8%
Other Expenses:				
Passed through grants	2,217	1.0%	(73,906)	(97.1%)
Interest expense	426	0.2%	345	425.9%
Depreciation	33,343	14.8%	2,079	6.6%
(Gain)/loss on disposal of assets	(8)	0.0%	(7)	700.0%
Total other expenses	35,978	16.0%	(71,489)	(66.5%)
Total Expenses	**$ 225,450**	**100.0%**	**$ (57,751)**	**(20.4%)**

Total operating expenses reflected expected salary increases as part of negotiated bargaining. The District is legally responsible to meet the actuarial funding obligations. The increase in passed through grants was due to timing related to capital projects. Interest expense also increased as the result of an increase in the interest rate for the District's Commercial Paper Program.

FINANCIAL STATEMENTS

The District's financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles pronounced by the Governmental Accounting Standards Board. The District operations are reported in a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and (except land and construction in progress) are depreciated over their useful lives. Amounts are restricted for debt service and, where applicable, for construction purposes. See note 2 to the financial statements for a summary of the District's significant accounting policies.

CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

During 2018, the District expended $40.7 million, an increase of $21.4 million or 111% over the amount expended in 2017, on capital activities. This included the following major construction and procurement projects:

- Suicide deterrent projects ($11.6 million)
- Seismic retrofit projects ($3.7 million)
- Toll Plaza Administrative Building HVAC ($2.0 million)
- Miscellaneous District Information System projects ($1.5 million)
- Rehabilitation of M.S. Marin ($5.9 million)
- Rehabilitation of M.V. Mendocino ($2.6 million)
- Rehabilitation of M.S. Sonoma ($1.8 million)
- Rehabilitation of M.V. Golden Gate ($1.4 million)

During 2018, completed projects totaling $27.9 million, an increase of $9.5 million over the amount completed in 2017, were closed from construction in progress to their respective capital accounts. The major completed projects included:

- Rehabilitation of M.S. San Francisco ($20.4 million)
- Rehabilitation of M.V. Mendocino ($6.3 million)
- SLEP: Gangways, Ramps, Floats & Fendering ($1 million)

During 2017, the District expended $19.3 million, a decrease of $18.0 million or 48% over the amount expended in 2017, on capital activities. This included the following major construction and procurement projects:

- Suicide deterrent project ($5.2 million)
- Seismic retrofit projects ($3.5 million)
- Miscellaneous District Information Systems projects ($1.7 million)
- Rehabilitation of *M.V. Del Norte* ($1.5 million)
- Rehabilitation of *M.V. Mendocino* ($1.1 million)
- Rehabilitation of *M.V. Napa* ($1.0 million)

During 2017, completed projects totaling $17.9 million, a decrease of $15.3 million over the amount completed in 2016, were closed from construction in progress to their respective capital accounts. The major completed projects included:

- Larkspur Ferry Terminal berth dredging ($10.4 million)
- GGB Informal Science Education ($3.3 million)
- Movable Median Barrier Phase II ($1.9 million)
- Transit network access security ($0.8 million)
- Bus security cameras ($0.7 million)
- MCI bike racks ($0.3 million)

Capital asset acquisitions are capitalized at cost. Acquisitions are funded using a variety of financing techniques, including federal grants with matching state grants and District reserve funds, debt issuance, and District revenues. Additional information on the District's capital assets and commitments can be found in Note 4 (Capital Assets) in the financial statements.

DEBT ADMINISTRATION

On July 12, 2000, the District issued commercial paper notes Series A and Series B in an amount of $30,500,000 for each series to provide funds for the Golden Gate Bridge (Bridge) seismic retrofit project and the renovation of main cables of the Bridge. The commercial paper notes are secured by a pledge of the District's revenues and two dedicated reserves, and also secured by a line of credit. Under this program, the District can issue commercial paper notes at prevailing interest rates for periods of maturity not to exceed 270 days. There has been no change in the debt balance since the inception of the program. At June 30, 2018, $61,000,000 in commercial paper notes was outstanding and maturing within 7 to 61 days, with interest ranging from 1.21 % to 1.50% (0.89% to 0.98% in 2017).

CREDIT RATINGS AND BOND ISSUANCE

Standard and Poor's Corporation (S&P) and Fitch began rating the District in 2000 when the District issued commercial paper for the first time. The District has the highest credit rating (AA- for S&P, and A+ for Fitch) in the nation for a single toll facility. These are implied credit ratings as the District has no outstanding long-term debt and has no current plans to issue any. Currently, the District has $61.0 million in outstanding commercial paper.

In connection with the sale of the commercial paper, the District has secured a Line of Credit with J.P. Morgan to guarantee the payment of interest when due. As additional security, the District established both an Operating Reserve Fund and a Debt Service Reserve Fund. Additional information on the District's commercial paper notes payable can be found in Note 5 (Commercial Paper Notes Payable) in the financial statements.

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the District's customers, investors and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Auditor-Controller at Box 9000, Presidio Station, San Francisco, California 94129-0601 or visit www.goldengate.org.

GOLDEN GATE BRIDGE,
HIGHWAY AND TRANSPORTATION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018 AND 2017 (IN THOUSANDS)

	2018	2017
Assets:		
Current assets:		
Cash and cash equivalents	$ 27,057	$ 30,660
Investments	232,981	214,704
Capital and operating grants receivable	14,009	7,552
Accounts receivable	9,887	9,585
Maintenance inventories and supplies	4,382	4,242
Prepaid items	2,133	3,132
Total current assets	290,449	269,875
Noncurrent assets:		
Restricted cash and cash equivalents	20,583	25,124
Capital assets:		
Nondepreciable capital assets:		
Land	6,243	6,650
Construction in progress	95,516	83,187
Total nondepreciable capital assets	101,759	89,837
Depreciable capital assets:		
Property and equipment:		
Bridge, related buildings and equipment	643,276	643,306
Bus transit property and equipment	158,764	159,366
Ferry transit property and equipment	176,398	148,755
Accumulated depreciation	(424,599)	(392,085)
Total depreciable capital assets	553,839	559,342
Total capital assets	655,598	649,179
Total noncurrent assets	676,181	674,303
Total Assets	**966,630**	**944,178**
Deferred Outflows of Resources:		
Related to pensions	51,352	66,179
Related to other post-employment benefits	2,093	-
Total Deferred Outflows of Resources	**53,445**	**66,179**

See accompanying notes to the financial statements.

GOLDEN GATE BRIDGE,
HIGHWAY AND TRANSPORTATION DISTRICT
STATEMENT OF NET POSITION (Concluded)
JUNE 30, 2018 AND 2017 (IN THOUSANDS)

	2018	2017
Liabilities:		
Current liabilities:		
Trade accounts payable	$ 12,887	$ 10,091
Accrued liabilities	4,383	3,273
Unearned revenue	7,387	12,793
Accrued compensated absences	584	478
Contract retentions	1,199	377
Self-insurance liabilities	6,732	6,096
Commercial notes payable	61,000	61,000
Total current liabilities	94,172	94,108
Noncurrent liabilities:		
Accrued compensated absences	7,919	8,178
Self-insurance liabilities	26,546	27,651
Net other post-employment benefits liability	99,972	-
Aggregate net pension liability	234,259	230,095
Total noncurrent liabilities	368,696	265,924
Total Liabilities	**462,868**	**360,032**
Deferred Inflows of Resources:		
Related to pensions	7,887	5,290
Related to other post-employment benefits	5,875	-
Total Deferred Inflows of Resources	**13,762**	**5,290**
Net Position:		
Net investment in capital assets	594,598	588,179
Restricted:		
Debt service requirements	12,791	12,791
Unrestricted	(63,944)	44,065
Total Net Position	**$ 543,445**	**$ 645,035**

See accompanying notes to the financial statements.

GOLDEN GATE BRIDGE,
HIGHWAY AND TRANSPORTATION DISTRICT
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2018 AND 2017 (IN THOUSANDS)

	2018	2017
Operating revenues:		
Bridge tolls	$ 146,596	$ 143,011
Transit fares	36,448	35,426
Marin Transit revenues	10,446	10,210
Other operating revenues	3,037	3,149
Total operating revenues	196,527	191,796
Operating expenses:		
Operations	95,203	90,260
Maintenance	42,598	42,297
General and administrative	62,772	56,915
Depreciation	33,805	33,343
Total operating expenses	234,378	222,815
Operating loss	(37,851)	(31,019)
Non-operating revenues (expenses):		
Operating grants:		
State operating grants	16,510	18,737
Federal operating grants	35	232
Local operating grants	2,855	2,968
Total operating grants	19,400	21,937
Passed through grants	(3,790)	(2,217)
Investment income	2,084	1,831
Interest expense	(717)	(426)
Gain (Loss) on disposal of capital assets	734	8
Total non-operating revenues	17,711	21,133
Income (Loss) before capital grants	(20,140)	(9,886)
Capital grants	24,906	13,213
Change in Net Position	4,766	3,327
Net Position, beginning of year		
Beginning of year, as previously reported	645,035	641,708
Restatement due to of GASB Statement No. 75	(106,356)	-
Net Position, beginning of year, as restated	538,679	641,708
Net Position, end of year	**$ 543,445**	**$ 645,035**

See accompanying notes to the financial statements.

GOLDEN GATE BRIDGE,
HIGHWAY AND TRANSPORTATION DISTRICT
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017 (IN THOUSANDS)

	2018	2017
Cash flows from operating activities:		
Cash receipts from customers	$ 195,904	$ 190,762
Cash payments to suppliers for goods and services	(123,577)	(119,724)
Cash payments to employees for services	(53,867)	(55,340)
Net cash provided by operating activities	18,460	15,698
Cash flows from noncapital financing activities:		
Operating grants received	19,997	21,937
Grants disbursed to other agencies	(3,790)	(2,217)
Net cash provided by non-capital financing activities	16,207	19,720
Cash flows from capital and related financing activities:		
Capital grants	13,268	7,154
Interest paid	(717)	(426)
Purchase of capital assets	(39,490)	(19,196)
Net cash used in capital and related financing activities	(26,939)	(12,468)
Cash flows from investing activities:		
Proceeds from sales of investment securities	100,252	130,694
Purchases of investment securities	(118,529)	(165,007)
Investment income received	2,405	1,831
Net used in investing activities	(15,872)	(32,482)
Net decrease in cash and equivalents	(8,144)	(9,532)
Cash and equivalents, beginning of year	55,784	65,316
Cash and equivalents, end of year	**$ 47,640**	**$ 55,784**
Cash equivalents are reported as follows on the accompanying statements of net Position:		
Unrestricted cash and cash equivalents	$ 27,057	$ 30,660
Restricted cash and cash equivalents	20,583	25,124
Total cash and cash equivalents	**$ 47,640**	**$ 55,784**

See accompanying notes to the financial statements.

GOLDEN GATE BRIDGE,
HIGHWAY AND TRANSPORTATION DISTRICT
STATEMENT OF CASH FLOWS (Concluded)
YEARS ENDED JUNE 30, 2018 AND 2017 (IN THOUSANDS)

	2018	2017
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (37,851)	$ (31,019)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	33,805	33,343
Effect of changes in:		
Accounts receivable	(623)	(1,034)
Prepaid items	999	(1,043)
Inventory and supplies	(140)	(411)
Trade accounts payable	2,796	(1,072)
Accrued liabilities	1,110	(253)
Pension liabilities and related deferrals	21,588	14,866
Other post-employment benefits liabilities and related deferrals	(2,602)	-
Accrued compensated absences	(153)	525
Self-insurance liabilities	(469)	1,796
Net cash provided by operating activities	**$ 18,460**	**$ 15,698**

Supplemental disclosures of cash flow information:		
Noncash investing activities:		
Increase (decrease) in fair value of investments	$ 2,582	$ 1,523
Purchase of capital assets on account	3,947	(86)

See accompanying notes to the financial statements.

GOLDEN GATE BRIDGE,
HIGHWAY AND TRANSPORTATION DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018 AND 2017 (IN THOUSANDS)

	2018	2017
Assets:		
Cash and cash equivalents	$ 319	$ 697
Mutual funds	74,550	68,099
Real asset funds	3,711	1,589
Accounts Recievable	35	27
Total Assets	78,615	70,412
Liabilities:		
Accounts payable	191	247
Net position restricted for post-employment benefits other than pensions	**$ 78,424**	**$ 70,165**

See accompanying notes to the financial statements.

GOLDEN GATE BRIDGE,
HIGHWAY AND TRANSPORTATION DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEARS ENDED JUNE 30, 2018 AND 2017 (IN THOUSANDS)

	2018	2017
Additions:		
Employer contributions	$ 13,810	$ 11,649
Net investment income:		
Net (decrease)increase in fair value of investments	2,409	3,488
Investment earnings	4,016	3,622
Total net investment income	6,425	7,110
Total additions	**20,235**	**18,759**
Deductions:		
Benefits paid to participants	11,716	9,719
Administrative expenses	260	174
Total deductions	**11,976**	**9,893**
Increase in Net Position	8,259	8,866
Restricted Net Position for post-employment benefits		
Beginning of year	70,165	61,299
End of year	**$ 78,424**	**$ 70,165**

See accompanying notes to the financial statements.

(1) ORGANIZATION

The Golden Gate Bridge, Highway and Transportation District (District) was originally formed under the authority of the Golden Gate Bridge and Highway Act of 1923, and incorporated on December 4, 1928, to include within its boundaries the City and County of San Francisco, the counties of Marin, Sonoma, Del Norte, most of Napa county, and part of Mendocino county. The District is governed by a 19-member Board of Directors who are appointed by the elected representatives of their constituent counties. The District, based in San Francisco, operates the Golden Gate Bridge (Bridge), the regional Golden Gate Transit (GGT) bus service connecting Sonoma, Marin, San Francisco, and Contra Costa counties, and the Golden Gate Ferry (GGF) system, which links Marin and San Francisco counties. To fund its public transportation services, the District relies primarily on toll and transit fares. The disbursement of funds received by the District is controlled by statute and by provisions of various grant contracts entered into with the federal government, the State of California and other local governments. The District consists of three operating divisions, Bridge, Bus and Ferry, and an administrative District Division. The District Division has no revenue and all District Division expenses are allocated to general and administrative expenses of the other divisions.

The accompanying basic financial statements also include the financial activities of the Golden Gate Bridge, Highway and Transportation District Other Post-Employment Benefits Trust (Trust) as a fiduciary fund. The Trust is a legally separate organization. The financial activities of the Trust are included in the basic financial statements because they serve exclusively the employees of the District, are governed by the District's Board, and management has operational responsibility with respect to investments and benefit administration.

(2) SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – The District's reporting entity includes all activities of the District.

Basis of Accounting and Measurement Focus – The District accounts for its activities in the enterprise and fiduciary funds. Those funds maintain their records using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the related cash flows.

Cash Equivalents – The District considers all highly liquid investments with a maturity of three months or less to be cash equivalents (See Note 3).

Investments – are stated at fair value (see Note 3). The California Government Code or the District's investment policy, when more restrictive, authorizes the District to invest in obligations of the U.S. Treasury, its agencies and instrumentalities; certificates of deposit; commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record; bankers' acceptances; repurchase agreements; reverse repurchase agreements; and the State Treasurer's investment pool, having maturities of five years or less.

OPEB investments policy is established by the OPEB Trust Board and are stated at fair value. The policy allows domestic and international equities, fixed income securities and other investments, including nontraditional asset classes such as private equity, when deemed appropriate within the Trust's investments objective and guidelines.

Restricted Assets – consist of monies and other resources that are restricted legally as described below:

Operating Reserve Fund – These assets are restricted for the Bridge Division principal and interest on the July 12, 2000, commercial paper notes which must be at least equal to the lesser of $12,000,000 or 12% of the principal amount of all notes then outstanding.

Debt Service Reserve Fund – These assets represent the July 12, 2000 commercial paper notes proceeds held in Debt Reserve Account, which must be at least equal to the lesser of 125% of average annual debt service on all notes then outstanding or 10% of the principal amount of all notes then outstanding.

Inventory – All inventories are valued at cost using the average cost method, which approximates the market.

Deferred Outflows and Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Capital Assets – The District defines capital assets as assets with an initial, individual cost of more than $5,000, and an estimated useful life in excess of one year. Major additions and replacements are capitalized. Maintenance, repairs and additions of a minor nature are expensed as incurred. The costs of acquisition and construction of equipment and facilities are recorded as construction in progress until such assets are completed and placed in service, at which time the District commences recording depreciation expense.

Depreciation – The District calculates depreciation on the straight-line method over the estimated useful lives of the assets, as follows:

Bridge structural components	100 years
Bridge buildings, toll plaza structure, deck, roadways and sidewalks	20 - 50 years
Buses	0 - 14 years
Ferry vessels	25 - 30 years
Other transit properties	5 - 50 years

Operating Grants – are recorded as non-operating revenue when all eligibility requirements have been satisfied.

Capital Grants – The District has grant contracts with the U.S. Department of Transportation through the Federal Transit Administration for certain capital improvements. Federal Transit Administration funds are used to replace and improve the District's buses, ferries, and transit facilities. The District also has contracts with Caltrans for State Transportation Program funds, which are used either to match Federal Transit Administration grants or to fund transit improvement projects. Capital funding provided under government grants is considered earned as the related allowable expenses are incurred.

Grants for property & equipment acquisition and facility development & rehabilitation are reported as capital grants in the statement of revenues, expenses, and changes in net position after non-operating revenues and expenses.

The District's capital grants for the years ended June 30, 2018 and 2017 are as follows (in thousands):

	Bridge Division	Bus Division	Ferry Division	Total
Capital grants in fiscal year 2018:				
U.S. Department of Transportation	$ 13,636	$ 4,022	$ 2,583	$ 20,241
State Coastal Conservancy	112	-	-	112
State Transportation Program	-	-	1,731	1,731
I-Bond	1,705	1,030	-	2,735
Local assistance	87	-	-	87
Total capital grants	**$ 15,540**	**$ 5,052**	**$ 4,314**	**$ 24,906**
Capital grants in fiscal year 2017:				
U.S. Department of Transportation	$ 4,129	$ 404	$ 1,201	$ 5,734
National Science Foundation	235	-	-	235
State Coastal Conservancy	116	-	-	116
State Transportation Program	-	1,454	399	1,853
State Mental Health Services	4,487	-	-	4,487
I-Bond	-	788	-	788
Total capital grants	**$ 8,967**	**$ 2,646**	**$ 1,600**	**$ 13,213**

Compensated Absences – Accumulated vacation and sick leave is recorded as an expense and liability as the benefits accrue to employees. The District's compensated absences for the years ended June 30, 2018 and 2017 are as follows (in thousands):

	2018	2017
Beginning Balance	$ 8,656	$ 8,132
Additions	3,765	4,306
Payments	(3,918)	(3,782)
Ending Balance	8,503	8,656
Current Portion	584	478
Non-current Portion	**$ 7,919**	**$ 8,178**

The current portion of the compensated absences liability is reflected as a current liability in the statement of net position and is expected to be used within one year. Unused accumulated vacation leave is paid at the time of employment termination up to the maximum of 320 hours for 40 hours employees. Unused accumulated sick leave is paid at the time of employee's death or retirement at 50 percent.

Operating and Non Operating Revenues and Expenses – Operating revenues consists of those revenues that result from the ongoing principal operations of the District, primarily Bridge tolls and transit fares. Continuing with the new contract entered into May 2015 with the Marin County Transit District, the fare revenues for the Marin local bus service lines and the related revenues from Marin County's state and local funding sources are classified as operating revenues. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing type of activities and result from non-exchange transactions or ancillary activities.

Net Position – comprises the various net earnings from operating income, non-operating revenues, expenses and capital grants. Net position is classified into the following three components:

> **Net investment in capital assets** – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are unspent debt proceeds restricted for debt payment at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt proceeds is included in the net position component restricted for debt services.
>
> **Restricted** – This component of net position consists of external constraints imposed by creditors (through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation, that restrict the use of net position.
>
> **Unrestricted** – This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."
>
> **Reserves and balances** – The Board policy funds the operating reserve at 7.5% of the operating budget or to cover the expected operating deficit, whichever is larger. The Board policy funds the emergency reserve at 3.5% of the operating budget to enable the amount kept in reserve for emergencies to remain relative to the size of the District's operations. The balances of these reserves at June 30, 2018, are $15.5 million and $7.2 million, respectively.

Spending Policy – The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Pension Plans – The District participates in several pension plans covering all employees. Certain members are covered under a plan that currently has members from only one employer, the GGTAR plan, or other multi-employer plans, while other union and non-union employees participate in the CalPERS plan. Pension contributions are based on rates established by negotiated labor contracts or by the actual plans.

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 CalPERS plan and GGTAR plan and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and GGTAR. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Note that it has been determined GASB 68 requires an agency to report net pension obligations as a liability on its financial statement even if the agency is not legally responsible for the net pension obligation. Thus, the net pension liability of the GGTAR is recorded along with the District's portion of the net pension liability of CalPERS, even though under the terms of the GGTAR plan the District is only responsible for contributions agreed-upon in the collective bargaining process.

Other Post-employment Benefits (OPEB) – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

New Accounting Pronouncements – Effective This Fiscal Year

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75 – *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (other post-employment benefits or OPEB). This Statement is effective for fiscal years (FY) beginning after June 15, 2017, or the FY 2017/2018. The District has implemented this Statement as of July 1, 2017.

GASB Statement No. 81 – In March 2016, GASB issued Statement No. 81, *Irrevocable Split–Interest Agreements*. The objective of the Statement is to improve financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, the Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. The Statement requires a government recognize revenue when the resources become applicable to the reporting period. The Statement is effective for the reporting periods beginning after December 15, 2016. The implementation of this Statement did not have a material effect on the financial statements.

GASB Statement No. 85 – In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits [OPEB]). The Statement is effective for the reporting periods beginning after June 15, 2017, or FY 2017/2018 fiscal year. The implementation of this Statement did not have a material effect on the financial statements.

GASB Statement No. 86 – In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources — resources other than the proceeds of refunding debt — are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The Statement is effective for the reporting periods beginning after June 15, 2017, or FY 2017/2018. The implementation of this Statement did not have a material effect on the financial statements.

New Accounting Pronouncements – Effective in Future Fiscal Years

GASB Statement No. 83 – In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital asset should recognize a liability based on the guidance in this Statement. This Statement also requires disclosure of information about the nature of a government's ARO, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018, or the FY 2018/2019. The District is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance related to fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, or the FY 2019/2020. The District has is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement is effective for the reporting periods beginning after December 15, 2019, or FY 2020/2021. The District is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 88 – GASB Statement No. 88 – In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve note disclosures related to debt. This Statement requires that all debt disclosures present direct borrowings and direct placements of debt separately from other types of debt. This Statement is effective for reporting periods beginning after June 15, 2018 or FY 2018/2019. The District is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 89 – In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. 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 the financial statements. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 or FY 2020/2021. The District is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 90 – In August 2018, GASB issued Statement No. 90, *Majority Equity Interest, an amendment of GASB statement No. 14 and No. 61*. The objectives of this Statement is to improve how majority equity interest is reported. The Statement specifies that a majority equity interest in a legally separate organization should be reported as an investment using the equity method if a government's holding of the equity interest meets the definition of an investment and for all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018 or FY 2019/2020. The District is evaluating the impact of this Statement on the financial statements.

Use of Estimates – The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications – Certain 2017 amounts have been reclassified to conform to the 2018 presentation.

(3) CASH AND INVESTMENTS

The District maintains cash and investments that are available for general use subject to prior Board designations and debt covenant or grant restrictions. At June 30, cash and investments are comprised of the following (in thousands):

	2018	2017
Reported in the enterprise fund as:		
Unrestricted:		
Cash and cash equivalents	$ 27,057	$ 30,660
Investments	232,981	214,704
Total unrestricted cash and investments	260,038	245,364
Restricted:		
Cash and cash equivalents	20,583	25,124
Total cash and investments in the enterprise fund	**$ 280,621**	**$ 270,488**
Reported in the fiduciary fund as:		
Restricted:		
Cash and cash equivalents	$ 319	$ 697
Investments	78,261	69,688
Total cash and investments in the fiduciary fund	**$ 78,580**	**$ 70,385**

Deposits – Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. California Government Code Section 53600 requires California banks and savings and loan associations to secure governmental deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the public agency deposits. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the public agency total deposits. As of June 30, 2018 (and 2017), of the District's bank balance of $13,928,000 (2017, $16,699,000) approximately $13,428,000 (2017, $16,199,000) is uninsured but is collateralized in conformance with the California Government Code.

Investments

At June 30, 2018 and 2017, cash and investments excluding the OPEB Trust Fund investments, were comprised of the following (in thousands):

	June 30, 2018			June 30, 2017		
Investments	**Fair Value**	**Less than 1 year**	**1-5 Years**	**Fair Value**	**Less than 1 Year**	**1-5 Years**
Federal Agency Notes	$ 57,794	$ 13,996	$ 43,798	$ 45,698	$ 483	$ 45,215
Certificate of Deposit	63,925	39,413	24,512	67,137	37,075	30,062
US Treasury Notes	22,214	9,985	12,229	12,453	-	12,453
Municipal Bonds	2,893	-	2,893	1,442	1,442	-
Medium-term Corporate Notes	74,784	24,480	50,304	63,942	5,003	58,939
Asset Backed Securities	11,370	-	11,370	17,354	-	17,354
Commercial Paper	13,190	13,190	-	19,680	19,680	-
California Joint Powers Authority	19,554	19,554		-	-	-
State Treasurer's Investment Pool	1,500	1,500	-	26,200	26,200	-
Federal Obligation Mutual Funds	78	78	-	67	67	-
	267,302	$ 122,196	$ 145,106	253,973	$ 89,950	$ 164,023
Cash and deposits						
Demand deposits	13,262			16,461		
Cash on hand	57			54		
Total cash and investments - District	**$ 280,621**			**$ 270,488**		

At June 30, 2018 and 2017 the OPEB Trust Fund cash and investments were comprised of the following (in thousands):

	June 30, 2018			June 30, 2017		
Investments	**Fair Value**	**Less than 1 year**	**1-5 Years**	**Fair Value**	**Less than 1 year**	**1-5 Years**
Mutual Funds - Equity	$ 49,797	$ 49,797	$ -	$ 46,272	$ 46,272	$ -
Mutual Funds - Fixed Income	24,753	24,753	-	21,827	21,827	-
Real Asset Funds	3,711	3,711	-	1,589	1,589	-
Total investments	78,261	$ 78,261	$ -	69,688	$ 69,688	$ -
Demand deposits	319			697		
Total OPEB Trust Cash & Investments	**$ 78,580**			**$ 70,385**		

Interest Rate Risk – Interest rate risk is the risk that changes in market rates adversely will affect the fair market value of an investment. State law limits investment maturities to five years as a means of managing entities' exposure to fair value losses arising from increasing interest rates. In addition, the District limits eligible commercial paper to have a maximum maturity of 270 days or less. The District also invests in callable Federal Agency notes as noted above. These issues are sensitive to interest rate changes and are callable at par prior to maturity based on these rate changes.

Credit Risk – The District's investment policy limits corporate commercial paper and medium-term corporate notes investments as follows:

Corporate commercial paper rated in the highest short-term category, as rated National Rating agencies; provided that the issuing corporation is organized and operating within the United States, has total assets of $500 million and has an "A" or higher rating for its long-term debt.

Medium-term corporate notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States may be purchased. These notes are to be rated at a level of "A", its equivalent or better by a nationally recognized rating service.

As of June 30, 2018 and 2017, the District held investments with the following national ratings and amounts (in thousands):

Investment	Rating	2018	2017
Federal agency bond/note	AAA	$ 57,794	$ 4,848
Asset backed securities	AAA	11,370	17,354
Medium-term corporate notes	AAA	1,368	1,374
Mutual funds	AAA	78	67
Treasury notes	AAA	22,214	-
California Asset Management Program	AAA	19,554	-
Certificate of deposits	AA	11,008	27,029
Federal agency bonds/notes	AA	-	40,850
Medium-term corporate notes	AA	24,215	20,857
Municipal bonds	AA	2,893	552
Treasury notes	AA	-	12,453
Certificate of deposits	A	52,917	40,108
Corporate commercial paper	A	13,190	19,680
Medium-term corporate notes	A	49,201	41,711
Municipal bonds	A	-	890
Local Agency Investment Fund	Unrated	1,500	26,200
Total		**$ 267,302**	**$ 253,973**

As of June 30, 2018 and 2017, the District's investment in the State Treasurer's investment pool (LAIF) was $1,500,000 and $26,200,000 respectively. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The value of the District's pro rata shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the District's position in the pool. The District's investment in LAIF is unrated. LAIF is not registered with the SEC. Investments reported in the OPEB fiduciary fund were invested in mutual funds or real asset funds. These investments were unrated as of June 30, 2018.

Concentration of Credit Risk – The District limits the purchase of medium-term corporate notes to 30% of the District's surplus money. At June 30, 2018 and 2017, these investments were 28% and 25%, respectively, of the District's total investments. At June 30, 2018 and 2017, the District held more than 5% of the District's investments portfolio in the following issuers:

Investment	2018	2017
Federal National Mortgage Association		5.32%
Federal Home Loan Bank	5.38%	

Fair Value Hierarchy - The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments in LAIF and CAMP are uncategorized because deposits to and from the pool are made on the basis of $1.00 and not at fair value. The following is a summary of the fair value hierarchy of the fair value of investments of the District, including investments reported in the OPEB fiduciary fund, as of June 30, 2018 and June 30, 2017 (in thousands):

		Fair Value Measurements Using	
	June 30, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable inputs (Level 2)
Reported at fair value - enterprise fund:			
US Treasury Notes	$ 22,214	$ 22,214	$ -
Federal Agency Notes	57,794	-	57,794
Municipal Bonds	2,893	-	2,893
Corporate Notes	74,784	-	74,784
Certificate of Deposit	63,925	63,925	-
Asset-Backed Security	11,370	-	11,370
Commercial Paper	13,190	-	13,190
Federal Obligation Mutual funds	78	78	-
Total enterprise fund investments at fair value	246,248	$ 86,217	$ 160,031
Uncategorized:			
CAMP	19,554		
LAIF	1,500		
Total Enterprise fund investments	267,302		
Reported at fair value - fiduciary fund:			
Mutual Funds-Equity	49,797	$ -	$ 49,797
Mutual Funds-Fixed Income	24,753	-	24,753
Total OPEB fiduciary fund investments at fair	74,550	$ -	$ 74,550
Reported at net asset value:			
Real Asset funds	3,711		
Total OPEB fiduciary fund investments	78,261		
Total investments	**$ 345,563**		

	June 30, 2017	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using: Significant Other Observable inputs (Level 2)
Reported at fair value - enterprise fund:			
US Treasury Notes	$ 12,453	$ 12,453	$ -
Federal Agency Notes	45,698	-	45,698
Municipal Bonds	1,442	-	1,442
Corporate Notes	63,942	-	63,942
Certificate of Deposit	67,137	67,137	-
Asset-Backed Security	17,354	-	17,354
Commercial Paper	19,680	-	19,680
Federal Obligation Mutual funds	67	67	-
Total enterprise fund investments	227,773	$ 79,657	$ 148,116
Uncategorized:			
LAIF	26,200		
Total enterprise fund investments at fair value	253,973		
Reported at fair value - fiduciary fund:			
Mutual Funds-Equity	46,272	$ -	$ 46,272
Mutual Funds-Fixed Income	21,827	-	21,827
Total fiduciary fund investments at fair value	68,099	$ -	$ 68,099
Reported at net asset value:			
Real Asset funds	1,589		
Total fiduciary fund investments	69,688		
Total investments	**$ 323,661**		

Real Asset Funds consists of two real estate funds that invest primarily in commercial and residential real estate. The fair value of these investments has been determined based on net asset value provided by the investment managers of the funds. All of the funds are in closed-end fund vehicles and are not redeemable in open markets. It is expected that these investments will be held for the entire lives of the funds. Distributions typically occur quarterly, but may occur more or less frequently. Distributions are made from the free cash flow of the funds. Rental income received is distributed to investors, and distributions are made when properties are sold. These funds have a remaining five to eight year life span with two “one year” extensions. Because of the inherent uncertainty in the valuation of these types of investments, the fair value reported on the financial statements may differ from the values that would have been used if a ready market for such securities existed.

(4) CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2018 and 2017 was as follows (in thousands):

	Balance July 1, 2017	Additions	Retirements/ Adjustments	Transfers	Balance June 30, 2018
Capital assets, not being depreciated:					
Land	$ 6,650	$ -	$ (407)	$ -	$ 6,243
Construction in progress	83,187	40,735	-	(28,406)	95,516
Total capital assets, not being depreciated	89,837	40,735	(407)	(28,406)	101,759
Capital assets, being depreciated:					
Bridge, related buildings and equipment	643,307	-	(393)	363	643,277
Bus transit property and equipment	159,364	-	(949)	347	158,762
Ferry transit property and equipment	148,756	-	(54)	27,696	176,398
Total capital assets, being depreciated	951,427	-	(1,396)	28,406	978,437
Accumulated depreciation:					
Bridge, related buildings and equipment	(198,130)	(15,961)	379	-	(213,712)
Bus transit property and equipment	(97,567)	(9,750)	901	-	(106,416)
Ferry transit property and equipment	(96,386)	(8,094)	12	-	(104,468)
Total accumulated depreciation	(392,083)	(33,805)	1,292	-	(424,596)
Total capital assets, being depreciated, net	559,344	(33,805)	(104)	28,406	553,841
Total capital assets, net	**$ 649,181**	**$ 6,930**	**$ (511)**	**$ -**	**$ 655,600**

	July 1, July 1, 2016	Additions	Retirements/ Adjustments	Transfers	Balance June 30, 2017
Capital assets, not being depreciated:					
Land	$ 6,650	$ -	$ -	$ -	$ 6,650
Construction in progress	82,808	19,303	-	(18,924)	83,187
Total capital assets, not being depreciated	89,458	19,303	-	(18,924)	89,837
Capital assets, being depreciated:					
Bridge, related buildings and equipment	637,732	-	(1,620)	7,195	643,307
Bus transit property and equipment	175,619	-	(17,537)	1,282	159,364
Ferry transit property and equipment	138,288	-	21	10,447	148,756
Total capital assets, being depreciated	951,639	-	(19,136)	18,924	951,427
Accumulated depreciation:					
Bridge, related buildings and equipment	(184,247)	(15,358)	1,475	-	(198,130)
Bus transit property and equipment	(105,318)	(9,792)	17,543	-	(97,567)
Ferry transit property and equipment	(88,213)	(8,193)	20	-	(96,386)
Total accumulated depreciation	(377,778)	(33,343)	19,038	-	(392,083)
Total capital assets, being depreciated, net	573,861	(33,343)	(98)	18,924	559,344
Total capital assets, net	**$ 663,319**	**$ (14,040)**	**$ (98)**	**$ -**	**$ 649,181**

Construction in progress consists of the following projects at June 30, 2018 and 2017 (in thousands):

		2018		2017
Bridge seismic design review III	$	24,609	$	20,928
Bridge main cable restoration		1,817		1,737
Bridge south approach improvement		1,009		1,009
Bridge suicide deterrent study/design		26,707		13,968
Bridge toll system upgrade		5,263		1,658
Ferry major component rehabilitation		17,885		31,406
Ferry gangway ramps and floats		8,052		7,769
Ferry dredging and pilling		1,820		1,668
Bus replacement		-		173
Bus facility modifications		1,076		324
Bus communication and information system		954		73
District systems improvements		3,806		1,548
Other		2,518		926
Total construction in progress	**$**	**95,516**	**$**	**83,187**

At June 30, 2018 and 2017, the District had construction commitments of approximately $172,449,000 and $162,197,000 respectively, for Bridge-related projects and approximately $156,034,000 and $12,593,000 respectively, for other projects.

(5) COMMERCIAL PAPER NOTES PAYABLE

On July 12, 2000, the District issued commercial paper notes Series A and Series B in an amount of $30,500,000 for each series to provide funds for the Golden Gate Bridge (Bridge) seismic retrofit project and the renovation of main cables of the Bridge. The Commercial Paper Notes are secured by a pledge of certain District's revenues and a $76.2 million line of credit. In addition, the notes are also secured by a $7.3 million operating reserve fund and a $5.5 million debt service fund. As stipulated in the indenture, the District's required debt coverage ratio is two times each year's annual debt service. The debt coverage ratio for years ended June 30, 2018, and June 30, 2017, were 34.5 and 78.4 respectively (see Table 8 on page 94). Under this program, the District can issue commercial paper notes at prevailing interest rates for periods of maturity not to exceed 270 days. There has been no change in the debt balance since the inception of the program. On June 30, 2018, $61,000,000 in commercial paper notes was outstanding and maturing within 7 to 61 days, with interest ranging from 1.21% to 1.50%.

(6) GRANTS PASSED TO OTHER AGENCIES

For the years ended June 30, 2018 and 2017, the District passed through its federal capital grants allocation to Marin Transit, $35,000 (2017, $2,000) and Metropolitan Transportation Commission, $1,754,000 (2016, $239,000). These amounts were treated as federal capital grants when the funds were received from the Federal Transit Administration (FTA) and then recorded as capital expenses on behalf of other agencies when the funds were passed through.

State Capital Grants - For the years ended June 30, 2018 and 2017, the District passed through its state capital grants allocation to Marin Transit, $1,932,000 (2017, $1,710,000). These amounts were treated as unearned state capital grants when the funds were received from Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA) Program, and then recorded as capital expenses when the reimbursements were made to Marin Transit.

The District also passed through $69,000 and $0 in other monies to regional transit agencies for capital related projects in fiscal years 2018 and 2017 respectively.

(7) PROPOSITION 1B

As part of the State of California's Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006, approved by California voters as Proposition 1B (Prop 1B) on November 7, 2006, the District was awarded funding from the Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA). During fiscal year 2018 and 2017, the District received $3,328,000 and $2,086,000 in PTMISEA funding, respectively. As of June 30, 2018 and 2017, the District has unspent Prop 1B PTMISEA proceeds and interest of $4,086,000 and $7,354,000, respectively.

(8) OPERATING GRANTS

The District receives operating grants from various federal, state and local sources. Transportation Development Act funds are received from the state through Marin and Sonoma Counties to meet, in part, the District's operating requirements based on annual claims filed by the District and approved by MTC. Federal funds are distributed to the District by the Federal Transit Administration after approval by MTC. The District also receives Marin County Transit local funds and other amounts of grants from other state agencies.

Operating grants are summarized as follows for the years ended June 30, 2018 and 2017 (in thousands):

	2018	2017
Transportation Development Act	$ 13,095	$ 12,949
Federal Transit Administration	35	203
State Transit Assistance	3,294	5,788
Regional Measure 2	2,770	2,618
Other	206	379
Total operating grants	**$ 19,400**	**$ 21,937**

(9) PENSION PLANS

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT FUND

Plan Description – All permanent District employees (except bus and ferry operators and deckhands) are eligible to participate in the Public Employees' Retirement Fund (Fund) of the State of California's Public Employees' Retirement System (CalPERS). The Fund is an agent multiple-employer defined benefit retirement plan that acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. The Fund provides retirement, disability, and death benefits based on employees' age, years of service, and the highest year's compensation. Employees vest after five years of service and may receive retirement benefits commencing at age 50. These benefit provisions and all other requirements are established by state statute. A standalone report for the District's plan is not available; however, CalPERS' annual financial report can be found on their website www.calpers.ca.gov.

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 to 52 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 California Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous		
Hire date	Prior to January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.5% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-67+	50-67+	52-67+
Monthly benefits, as a % of eligible compensation	2.000% - 2.500%	1.092% - 2.418%	1.000% - 2.500%
Required employee contribution rates	8.0%	7.0%	6.5%
Required employer contribution rates	29.155%	29.155%	29.155%

Employees Covered – At the June 30, 2016, and June 30, 2015, valuation dates, the following employees were covered by the benefit terms for each Plan:

Valuation as of June 30	**2016**	**2015**
Inactive employees or beneficiaries currently receiving benefits	597	611
Inactive employees entitled to but not yet receiving benefits	130	132
Active employees	486	463
Total	**1,213**	**1,206**

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 effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is 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 District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the years ended June 30, 2018 and 2017, the District has paid the employer's and a portion of the employees' shares of the contributions. The contributions recognized, were as follows:

	2018	2017
Employer	$ 11,406	$ 11,453

Net Pension Liability - The District's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability as of June 30, 2018, for the Plan is measured as of June 30, 2017, using an actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities in the June 30, 2016 and June 30, 2015, actuarial valuations rolled forward to June 30, 2017 and June 30, 2016, using standard update procedures, were determined using the following actuarial assumptions, respectively:

	Miscellaneous	Miscellaneous
Valuation Date	June 30, 2016	June 30, 2015
Measurement Date	June 30, 2017	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.65%
Inflation	2.75%	2.75%
Projected Salary Increase	Varies by entry age and service	Varies by entry age and service
Investment Rate of Return	7.15%	7.65%

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 and June 30, 2015, valuations were based on the results of a 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.15%, down from 7.65% in 2017 due to change in assumptions. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress-tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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 returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitivity	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
Total	**100.0%**		

Changes in the Net Pension Liability

The changes in the net pension liability for the plan follows (in thousands):

	Increase (Decrease)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balance at June 30, 2017	**$ 392,035**	**$ 273,163**	**$ 118,872**
Changes in the year:			
Service cost	7,723	-	7,723
Interest on the total pension liability	28,828	-	28,828
Differences between actual and expected experience	(4,339)	-	(4,339)
Plan to plan resource movement	-	(12)	12
Changes in assumptions	22,252	-	22,252
Contribution - employer	-	11,232	(11,232)
Contribution - employee	-	3,221	(3,221)
Net investment income	-	30,399	(30,399)
Administrative expenses	-	(403)	403
Benefits payments, including refunds of employee contributions	(21,238)	(21,238)	-
Net changes	**33,226**	**23,199**	**10,027**
Balance at June 30, 2018	**$ 425,261**	**$ 296,362**	**$ 128,899**

	Increase (Decrease)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balance at June 30, 2016	**$ 380,882**	**$ 279,794**	**$ 101,088**
Changes in the year:			
Service cost	6,460	-	6,460
Interest on the total pension liability	28,355	-	28,355
Differences between actual and expected experience	(3,241)	-	(3,241)
Changes in assumptions	-	-	-
Contribution - employer	-	9,445	(9,445)
Contribution - employee	-	3,129	(3,129)
Net investment income	-	1,387	(1,387)
Administrative expenses	-	(171)	171
Benefits payments, including refunds of employee contributions	(20,421)	(20,421)	-
Net changes	**11,153**	**(6,631)**	**17,784**
Balance at June 30, 2017	**$ 392,035**	**$ 273,163**	**$ 118,872**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the District for each Plan, calculated using the discount rate for the Plan, as well as what the District's net pension liability 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 (in thousands):

	2018	2017
1% Decrease	6.15%	6.65%
Net Pension Liability	$ 181,870	$ 166,493
Current Discount Rate	7.15%	7.65%
Net Pension Liability	$ 128,899	$ 118,872
1% Increase	8.15%	8.65%
Net Pension Liability	$ 84,678	$ 79,045

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

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

For the years ended June 30, 2018 and 2017, the District recognized pension expense of $16,251,000 and $6,608,000, respectively. At June 30, 2018 and 2017, the District reported deferred outflows of sources and deferred inflows of resources related to pensions from the following sources (in thousands):

	2018		2017	
	Deferred Outflow of Resources	**Deferred Inflow of Resources**	**Deferred Outflow of Resources**	**Deferred Inflow of Resources**
Pension contributions subsequent to measurement date	$ 11,406	$ -	$ 11,453	$ -
Differences between actual and expected experience	-	3,899	-	3,204
Changes in assumptions	14,835	-	-	2,086
Net differences between projected and actual earnings on plan investments	3,832	-	14,782	-
Total	**$ 30,073**	**$ 3,899**	**$ 26,235**	**$ 5,290**

$11,406,000 reported as deferred outflows of resources 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows (in thousands):

Year	**Deferred outflows (inflows) of resources**
June 30	
2019	$ 4,713
2020	10,611
2021	1,684
2022	(2,240)
Total	**$ 14,768**

GOLDEN GATE TRANSIT AMALGAMATED RETIREMENT PLAN

Plan Description – All qualified permanent and probationary Bus Operators are eligible to participate in the District's separate single-employer defined benefit plan. This plan is administered by the Golden Gate Transit Amalgamated Retirement Plan (GGTAR), which acts as a common investment and administrative agent for the GGTAR. Benefit provisions under the Plan are established by the GGTAR's pension board. GGTAR issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be requested by writing to Golden Gate Transit - Amalgamated Retirement Plan 185 N. Redwood Drive, #201, San Rafael, CA 94903.

Benefits Provided – The GGTAR Plan provides retirement, disability, and death benefits. Retirement benefits are calculated as a percentage (depending on length of service) of average final earnings. Average final earnings are the greater of average monthly earnings the year before retirement and the average monthly earnings for the highest single calendar year. The GGTAR Plan provides for retirement with reduced benefits for participants aged 50 to 65 if they have satisfied the specified length of service requirements. The retirement benefit for members at least age 65 and with 20 years of service is the greatest of the following, capped at 70% of average final earnings: (1) the percentage of average final earnings shown on a chart in the Plan (ranging from 36% to 70%); (2) 50% of average final earnings; and, (3) for members with 20 years of service $1,200 per month. There are reductions for members with at least 20 but less than 25 years of service and less than 80 points (age + service), with further reductions for members who have attained age 55 but have at least 15 years of service but not 20 years of service. Participants whose employment is terminated before retirement are entitled to termination benefits based upon a percentage of covered earnings, plus interest. There are provisions regarding a Special Payment Plan that provided for assets set aside for each active, full-time participant in annual amounts of $2,000 plus accrued interest at 8% from 1999 through 2002. The spouse of a member who dies while actively employed will receive a 50% joint and survivor benefit if the member was eligible to retire or died in the line of duty. If the member was ineligible to retire but had 15 years of service, the spouse will receive a benefit of 25% of average final earnings. Beneficiaries of members with between 1 and 15 years of service receive a death benefit of 4% of total gross earnings while employed as a full-time bus operator, with interest at 5% compounded annually. Active full-time employees with at least 10 years of service who become physically disqualified from their jobs are entitled to disability retirement benefits. The benefits are between 25% and 35% of average final earnings, depending on length of service. If a member is disabled in the line of duty, the benefit will be 50% of final earnings.

Employees Covered – The Plan used the January 1, 2017 valuation for both net pension liabilities measured as of December 31, 2017 and December 31, 2016. At the January 1, 2017, the following employees were covered by the benefit terms for the GGTAR Plan:

Valuation as of January 1 -	2017	2016
Retired employees	402	400
Active employees	267	270
Total	**669**	**670**

Contributions – Section 17.2 of the GGTAR Plan provides that the District will make contributions to the Plan only as provided under the current collective bargaining agreement. The Retirement Board reports rates based on an actuarially determined rate recommended by an independent actuary, but there is no legal obligation of the District to make contributions other than those set forth in Article 36 of the current collective bargaining agreement. The actuarially determined rate reported by the Retirement Board in its financial report 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, assuming that the Retirement Board does not reduce benefits or the parties do not increase contributions to the Plan. The District is not required to contribute the difference between the actuarially determined rate and the contribution rate of the District and the employees. In March 2016, the District contributions rates was 19.165% and the employee contribution rate was 4%. In March 2017, the District contribution rate was increased to 20.165% and the employee contribution rate was increased to 5%. In January 2018, the District contribution rate increased to 22.165 and the employee contribution rate increased to 7%.

For the year ended June 30, 2018, the District paid $4,976,000 to the GGTAR Plan, and employees contributed $1,401,000 to the Plan as of June 30, 2018. For the year ended June 30, 2017, the District paid $4,318,000 million to the GGTAR Plan, and employees contributed $969,000 to the Plan as of June 30, 2017.

Net Pension Liability – The net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability for the Plan is measured as of December 31, 2017, using an annual actuarial valuation as of January 1, 2017. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities in the December 31, 2017 and December 31, 2016, measurement dates, were determined using the following actuarial assumptions:

Valuation Date	January 1, 2017
Measurement Date	December 31, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	5.37% and 5.21% for 2017 and 2016 measurements
Inflation	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.00%
Mortality	Sex distinct RP-2014 for both Healthy Blue Collar and Disabled Mortality tables with adjustments using MP-2016.

Discount Rate – The discount rates in for the December 31, 2016 measurement was 5.21% and the increase in the December 31, 2017 measurement to 5.37% was due to higher than expected investment returns. The projection of cash flows used to determine the discount rate assumed that the District will contribute to the Plan according to the rates agreed to in the most recent bargaining agreement. However, due to the negative investment return during 2016, these contributions are no longer expected to maintain a positive fiduciary net position.

Based on these assumptions, the Plan's fiduciary net position was projected to be available to make projected future benefit payments for current members until fiscal year ending 2043, when only a portion of the projected benefit payments can be made from the projected fiduciary net position. Projected benefit payments through fiscal year ending 2043 are discounted at the long-term expected return on assets of 7.00% to the extent the fiduciary net position is available to make the payments, and at the municipal bond rate of 3.44% for the portion of benefits not covered by the projected fiduciary position in fiscal year ending 2040 and for all benefits paid in future fiscal years. Consequently, the single equivalent rate used to determine the Total Pension Liability as of December 31, 2017, is 5.37%.

The long-term expected rate of return on assets was determined using a building block approach in which an expected future real rate of return is developed for each major asset class. These expected rates are combined to produce the long-term expected geometric rate of return by weighting the expected future rates of return by the target asset allocation percentage adjusted by inflation and a risk adjustment. The target allocation and projected geometric real rates of return, after deducting inflation but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption for each major asset class from the 2017 experience study are summarized in the table shown below.

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Large market capitalization	15.00%	5.00%
Small/mid-market capitalization	6.00%	5.25%
International equities (unhedged)	6.00%	5.25%
International equities (hedged)	6.00%	5.64%
International small cap equities (unhedged)	4.00%	5.50%
Emerging international equities	5.00%	6.75%
Private equities	5.00%	7.00%
Core bonds	8.00%	1.25%
TIPS	4.00%	1.25%
Emerging market debt	3.00%	4.00%
Absolute return fixed income	6.00%	2.90%
Private debt funds	5.00%	5.00%
Real assets/Commodities (liquid)	5.00%	5.25%
Core real estate	5.00%	4.00%
Global asset allocation	14.00%	3.81%
Hedge funds	3.00%	3.84%
	100.00%	

Changes in the Net Pension Liability

The changes in the Net Pension Liability for the Plan follows (in thousands):

	Increase (Decrease)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balance at June 30, 2017	**$ 217,797**	**$ 106,574**	**$ 111,223**
Changes for the year:			
Service cost	5,169	-	5,169
Interest	11,153	-	11,153
Changes in benefit terms	-	-	-
Differences between actual and expected experience	-	-	-
Changes in assumptions	(3,552)		(3,552)
Contribution - employer	-	4,583	(4,583)
Contribution - member	-	1,115	(1,115)
Net investment income	-	13,452	(13,452)
Benefit payments	(12,763)	(12,763)	-
Administrative expense	-	(517)	517
Net changes	**7**	**5,870**	**(5,863)**
Balance at June 30, 2018	**$ 217,804**	**$ 112,444**	**$ 105,360**

	Increase (Decrease)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balance at June 30, 2016	**$ 193,057**	**$ 106,970**	**$ 86,087**
Changes for the year:			
Service cost	3,573	-	3,573
Interest	10,687	-	10,687
Changes in benefit terms	-	-	-
Differences between actual and expected experience	5,746	-	5,746
Changes in assumptions	16,918	-	16,918
Contribution - employer	-	4,174	(4,174)
Contribution - member	-	804	(804)
Net investment income	-	7,220	(7,220)
Benefit payments	(12,184)	(12,184)	-
Administrative expense	-	(410)	410
Net changes	**24,740**	**(396)**	**25,136**
Balance at June 30, 2017	**$ 217,797**	**$ 106,574**	**$ 111,223**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Plan, calculated using the discount rate, as well as what the net pension liability 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 (in thousands):

	2018	2017
1% Decrease	4.37%	4.21%
Net Pension Liability	$129,695	$136,112
Current Discount Rate	5.37%	5.21%
Net Pension Liability	$105,360	$111,223
1% Increase	6.37%	6.21%
Net Pension Liability	$84,910	$90,348

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

While GASB 68 requires the District to report the unfunded pension obligations under the GGTAR Plan as a liability on its financial statement, the District is not legally responsible for the unfunded pension obligation. The District is only legally responsible for the contributions agreed to in collective bargaining under the terms of the GGTAR plan document and is not legally responsible for the current GGTAR plan unfunded net pension liability of $105.36 million.

For the years ended June 30, 2018 and 2017, the District recognized pension expenses of $18,949,000 and $19,852,000, respectively. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	2018		2017	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Pension Contributions Subsequent to measurement date	$ 2,488	$ -	$ 2,159	$ -
Differences between actual and expected experience	2,873	-	4,658	-
Changes in assumptions	15,918	2,664	27,606	-
Net differences between projected and actual earnings on plan investments	-	1,324	5,521	-
Total	$ 21,279	$ 3,988	$ 39,944	$ -

$2,488,000 reported as deferred outflows of resources 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows (in thousands):

Year	**Deferred Outflows (Inflows) of Resources**
June 30	
2019	$ 12,826
2020	5,367
2021	(2,137)
2022	(1,253)
Total	**$ 14,803**

OTHER RETIREMENT PLANS

The District's deckhands and terminal assistants participate in the Inlandboatmen's Union of the Pacific National Pension Plan (Inlandboatmen's), a union-administered cost-sharing multiple-employer defined contribution pension plan in which the District is a participating employer. Participants are comprised of both non-government and government employees. The plan provides retirement death and disability benefits based on employees' age, years of service and average compensation. Employees vest after five years of service and receive retirement benefits commencing at age 65, with provisions for early retirement. The District makes contributions on behalf of the participants at a rate determined through collective bargaining.

Annual pension cost for the Inlandboatmen's plan was $935,000, $653,000 and $597,000, for the years ended June 30, 2018, 2017, and 2016, respectively. The District contributed to Inlandboatmen's plan 26.0%, 20.0% and 21.0%, of payroll for covered employees for the years ended June 30, 2018, 2017, and 2016, respectively and equaled 100% of the employer-required contributions. The District's covered payroll for employees participating in this plan was $3,596,000, $3,257,000 and $2,844,000, for the years ended June 30, 2018, 2017, and 2016, respectively. As of June 30, 2018, the number of employees covered by Inlandboatmen's was 72 active and 31 inactive, or retired, employees.

The District's ferry operators participate in the MEBA Pension Trust for Towboat Operators (MEBA), a union-administered cost-sharing multiple-employer defined contribution pension plan in which the District is a participating employer. Participants are composed of both non-government and government employees. The plan provides retirement death and disability benefits based on employees' age, years of service and average compensation. Employees vest after 5 years of service and receive retirement benefits commencing at age 65, with provisions for early retirement. The District makes contributions on behalf of the participants at a rate determined through collective bargaining.

Annual pension cost for the MEBA plan was $346,000, $322,000 and $283,000, for the years ended June 30, 2018, 2017, and 2016, respectively. The District contributed to MEBA 14.1%, 14.1% and 13.0%, of payroll for covered employees for the years ended June 30, 2018, 2017, and 2016, respectively and equaled 100% of the employer-required contributions. The District's covered payroll for employees participating in this plan was $2,456,000, $2,283,000, $2,172,000, for the years ended June 30, 2018, 2017, and 2016, respectively. As of June 30, 2018, the number of employees covered by MEBA was 27 active and 10 inactive, or retired, employees.

The net pension liabilities for those two plans and related deferrals are excluded from the financial statements because the plans are administered as a non-governmental pension plan and the majority of the plan participants are non-governmental employers.

Benefit terms are established and may be amended for either plan by the Union and the District.

(10) POST-EMPLOYMENT HEALTH CARE PLAN AND OPEB OBLIGATION

Plan Description – In August 2007, the District's Board of Directors adopted the Golden Gate Bridge Highway and Transportation District Other Post-Employment Benefits (OPEB) Trust (Trust) and created the Golden Gate Bridge, Highway and Transportation OPEB Retirement Investment Trust Board to oversee the assets of the Trust. The Trust, single employer defined benefit plan, is irrevocable and is exempt from federal and state income taxes under Internal Revenue Code Section 115. The sole purpose of the Trust is to provide funds to pay post-employment benefits to qualified retirees and their surviving spouse/domestic partner. Benefit allowance provisions are established through employment agreements and memoranda of understanding (MOUs) between the District and its employees. As a separate legal entity from the District, the Trust's assets are not available to any District's creditors.

Benefits Provided – For employees (other than Bus Operators) hired on or after August 9, 1991, the benefits are provided to retiree and dependent coverage based on age plus years of services as follow: 1) the District does not contribute toward the cost of post-employment health benefits for retirees whose combination of age and number of years of service amounts to less than 70 points; 2) the retiree contributes the normal contribution paid by all retirees plus 30% of the COBRA rates for the coverage they select if their combination of age and number of years of service falls within 70-74 points; 3) the retiree contributes the normal contribution paid by all retirees plus 20% of the COBRA rates for the coverage if their combination of age and number of years of service falls within 75-79 points; and 4) the retiree contributes the normal contribution paid by all retirees if their combination of age and number of years of service is equal to or over 80 points. To qualify for coverage, a minimum of 10 years of service for retiree coverage and 15 years of service for retiree and dependent coverage is required.

Benefit terms are established and may be amended by the District.

The benefits are provided to all employees (other than Bus Operators) hired between July 1, 1983, through August 8, 1991, who retire from the District on or after attaining age 55 with at least 10 years of service. For those employees age 55 with at least 15 years of service, survivor and dependent care benefits are also received. If the employee began employment at the District prior to January 1, 1983, the benefits are provided on or after attaining age 50 with at least 5 years of service. Currently 485 retirees meet the eligibility requirements.

The Bus Operator retiree medical benefits plan is governed by separate provisions in the MOU between the District and the Amalgamated Transit Union and the Union pension plan document. Currently, 344 retirees meet the eligibility requirements for Bus Operator retirees.

For Bus Operator employees with a seniority date of March 1, 2008, or earlier, the benefits are provided to retiree and dependent coverage upon attainment of age 65; or attainment of age 55 with 15 years of service; or accumulation of 20 years of service and 80 points (age plus years of service; or attainment of age 50 and 25 years of service).

For Bus Operator employees with a seniority date of March 1, 2008, or later, the same benefits are provided as above, except for those who retire at age 65 with less than 10 years of full-time seniority. These employees can purchase health care benefits coverage for themselves and eligible dependents at a percentage of the COBRA rates based upon the following sliding scale:

- Less than 5 years of full-time seniority: 100% of COBRA.
- 5 years of full-time seniority: 50% of COBRA.
- 6 years of full-time seniority: 40% of COBRA.
- 7 years of full-time seniority: 30% of COBRA.
- 8 years of full-time seniority: 20% of COBRA.
- 9 years of full-time seniority: 10% of COBRA.

Employees Covered – At the July 1, 2017 and 2015 valuation dates, the following employees were covered by the benefit terms for the OPEB Plan:

Valuation as of July 1,	**2017**	**2015**
Retired employees	827	774
Active employees	746	718
Total	**1573**	**1492**

Net OPEB Liability under GASB Statement No. 75 – The District's net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated July 1, 2017 that was rolled forward to determine the June 30, 2018 total OPEB liability, based on the following actuarial methods and assumptions:

Valuation Date	July 1, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.75%
Healthcare Cost Trend	HMO and PPO at 8.0% in 2018 and gradually decreasing to 5.0% in 2025 and later Kaiser and Medicare at 6.0% in 2018 and gradually decreasing to 5.0% in 2023 and later Dental at 4.5% and Vision at 3%
Salary Increase	3.25% per year
Mortality	RP2014 with adjustments for mortality improvements

Discount Rate under GASB Statement No. 75 – The discount rate used to measure the total OPEB liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The long-term expected rate of return on OPEB 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 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
Growth	
Domestic Equity	42.00%
International Equity	23.00%
Income	
Fixed Income	35.00%
	100.00%

The District's change in net OPEB liability under GASB Statement No. 75 is as follows (in thousands):

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2017	**$ 176,741**	**$ 70,385**	**$ 106,356**
Changes for the year:			
Service cost	4,508	-	4,508
Interest	12,275	-	12,275
Changes in benefit terms	372	-	372
Differences between actual and expected experience	(97)	-	(97)
Changes in assumptions	(3,452)	-	(3,452)
Contribution - employer	-	13,810	(13,810)
Contribution - member	-	-	-
Net investment income	-	6,429	(6,429)
Benefit payments	(11,783)	(11,783)	-
Administrative expense	-	(249)	249
Net changes	**1,823**	**8,207**	**(6,384)**
Balance at June 30, 2018	**$ 178,564**	**$ 78,592**	**$ 99,972**

Sensitivity of the net OPEB liability to change in discount rate under GASB Statement No. 75 – The following presents the net OPEB liability of the District's, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher, than the current discount rate (in thousands):

	2018	2017
Net OPEB Liability at 1% increase	$ 83,857	$ 90,336
Net OPEB Liability at Current Rate	99,972	106,356
Net OPEB Liability at 1% decrease	119,140	125,446

Sensitivity of the net OPEB liability to change in healthcare costs under GASB Statement No. 75 – The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower, or one percentage point higher, than the current healthcare cost trend rates (in thousands):

	2018	2017
Net OPEB Liability at 1% increase	$ 117,425	$ 125,309
Net OPEB Liability at Current Rate	99,972	106,356
Net OPEB Liability at 1% decrease	86,182	91,453

Recognition of Deferred Outflows and Deferred Inflows of Resources Under GASB Statement No. 75 –Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss. The net difference between projected and actual earnings on OPEB plan investments is amortized over a five year period. All other amounts are amortized over the expected average remaining service lifetime (EARSL) of 4.47 years.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB Under GASB Statement No. 75 – For the fiscal year ended June 30, 2018, the District recognized OPEB expense of $11,208,000. As of fiscal year ended June 30, 2018, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ 2,093	$ 2,051
Changes in assumptions	-	2,672
Net differences between projected and actual earnings on plan investments	-	1,152
Total	$ 2,093	$ 5,875

The reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Year	Deferred outflows (inflows) of resources
June 30	
2019	$ (1,206)
2020	(1,207)
2021	(1,182)
2022	(203)
2023	16
Total	**$ (3,782)**

Funding Policy and Contributions under GASB Statement No. 45 – The District's contributions to the plan for the years ended June 30, 2017, and 2016 and 2015 were based on the actuarial valuations as July 1, 2015 and July 1, 2013. These valuations provide an estimate of the District's unfunded liability and the annual required contribution (ARC) to be used by the District to fully fund the Trust. It is the District's intent to fully fund each year's ARC. The contribution requirements are established by and may be amended by the District's board.

Funding Status and Progress under GASB Statement No. 45 – The Schedule of Funding Progress shows the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll. The Schedule of Funding Progress, presented as required supplementary information, shows multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability from benefits. The following depicts the funding progress for the most recent actuarial valuation date (in thousands):

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Annual Covered Payroll	Unfunded AAL as a % of Covered Payroll
July 1, 2015	$ 57,175	$ 159,252	$ 102,077	35.9%	$ 55,353	184.4%

Annual OPEB Cost and Net OPEB Obligation Under GASB Statement No. 45 – The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the past three years, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the plan (in thousands):

	2017	2016	2015
Annual required contribution	$11,649	$11,278	$11,725
Interest on net OPEB obligation	-	-	-
Adjustment to annual required contribution	-	855	-
Annual OPEB cost (expense)	11,649	12,133	11,725
Contributions made	(11,649)	(12,133)	(11,725)
Increase in net OPEB obligation	-	-	-
Net OPEB obligation, beginning of year	-	-	-
Net OPEB obligation, end of year	**$ -**	**$ -**	**$ -**

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation appears below under GASB Statement No. 45 (in thousands):

Years Ended June 30	Annual Required Contribution	Amount Contributed	Percentage Contributed	Net OPEB Obligation
2017	$ 11,649	$ 11,649	100%	$ -
2016	12,133	12,133	100%	-
2015	11,725	11,725	100%	-

Actuarial Methods and Assumptions Under GASB Statement No. 45 – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the District and its plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the District and its plan members to that point. The actuarial methods and assumptions employed include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The level percent of payroll is used to calculate the Unfunded Actuarial Accrued Liability (UAAL) amortization over a 30 year closed period. The remaining amortization period at July 1, 2015, was 22 years.

Actuarial Assumptions Under GASB Statements 45 – The Unfunded Actuarial Accrued Liability in the July 1, 2015 valuation under GASB Statement 45 was determine using the following actuarial assumptions:

Valuation Date	July 1, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.25%
Inflation	2.75%
Healthcare Cost Trend	HMO and PPO at 8.0% in 2016 and gradually decreasing to 4.5% in 2023 and later Kaiser and Medicare at 6.5% in 2016 and gradually decreasing to 4.5% in 2023 and later Dental at 4.5% and Vision at 3%
Mortality	RP2014 with adjustments for mortality improvements
Asset Valuation	Market Value
Salary Increase	3.25%
Long-term Return on Assets	7.25%, net of mutual fund investment management fees

(11) SELF-INSURANCE

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and patrons; natural disasters; employee, retiree and dependent health benefits. The District is self-insured for its health benefits, general liability, workers' compensation, Bridge physical use and occupancy, auto liability and public transportation liabilities. The District has set aside assets for claim settlements associated with the above risks of loss up to certain limits. In April 2006, the District did not renew its Bridge Physical Use and Occupancy policy and became self-insured. As a result, the District has designated $15.9 million in net position as of June 30, 2018 for Bridge self-insurance.

Self-insurance and limits are as follows:

Type of Coverage	Self-Insurance	Excess Coverage
General/Vehicle Liability	$2,000,000 per occurrence	$100,000,000
Workers' Compensation	$1,000,000 per claim	$25,000,000 (statutory limits)
Health Benefits	$1,000,000 per individual	$175,000 stop loss; unlimited lifetime
Property (earthquake, fire)	$100,000 (5% per structure)	$20,000,000 earthquake; $125,000,000 fire
Ferry Hull, Machinery	$350,000 annual aggregate	$1,000,000 per occurrence
Environmental Impairment	$100,000 per occurrence	$5,000,000 per occurrence
Marine	$100,000 annual aggregate	$100,000,000 per occurrence
Crime and Dishonesty	$25,000 per occurrence	$1,000,000 faithful
	$5,000 per occurrence	$500,000 forgery/alteration
	$5,000 all other	$500,000 transit revenue collection
		$15,000 all other locations
		$1,000,000 computer fraud
Public Officials Liability	$250,000 each wrongful act	$2,000,000 per occurrence/ annual aggregate
	$250,000 each employment practice	
Cyber Liability	$50,000 per occurrence	$5,000,000 per occurrence

All property is insured at full replacement value. To date, no settlement amounts have exceeded commercial insurance coverage for the last five years.

The District's estimated self-insurance liability is based on requirements of GASB Statement No. 10 and 30. These statements require a liability for claims to be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The actuarially determined liability includes allocated expenses and a provision for incurred but not reported claims. Changes in the balances of claims liabilities for the years ended June 30, 2018 and 2017 are as follows (in thousands):

	Balance July 1, 2017	Incurred Claims and Changes in Estimates	Claim Payments and Related Costs	Balance June 30, 2018	Current Portion	Noncurrent Portion
Workers' compensation liability	$ 12,856	$ 3,211	$ (4,316)	$ 11,751	$ 2,700	$ 9,051
General and property insurance liability	3,652	808	(878)	3,582	1,130	2,452
Pollution remediation liability	15,043	-	-	15,043	-	15,043
Subtotal: Self-insurance liability	31,551	4,019	(5,194)	30,376	3,830	26,043
Other medical claims liability	2,196	14,489	(13,783)	2,902	-	2,902
Combined self-insurance and other medical liability	**$ 33,747**	**$ 18,508**	**$ (18,977)**	**$ 33,278**	**$ 3,830**	**$ 29,448**

	Balance July 1, 2016	Incurred Claims and Changes in Estimates	Claim Payments and Related Costs	Balance June 30, 2017	Current Portion	Noncurrent Portion
Workers' compensation liability	$ 11,727	$ 5,165	$ (4,036)	$ 12,856	$ 2,700	$ 10,156
General and property insurance liability	3,652	2,506	(2,506)	3,652	1,200	2,452
Pollution remediation liability	15,043	-	-	15,043	-	15,043
Subtotal: Self-insurance liability	30,422	7,671	(6,542)	31,551	3,900	27,651
Other medical claims liability	1,529	14,450	(13,783)	2,196	-	2,196
Combined self-insurance and other medical liability	**$ 31,951**	**$ 22,121**	**$ (20,325)**	**$ 33,747**	**$ 3,900**	**$ 29,847**

(12) ALLOCATION OF DISTRICT DIVISION EXPENSE

For the years ended June 30, 2018 and 2017, District Division expense has been allocated to the general and administrative expenses of the other divisions by resolution of the Board of Directors as follows (in thousands):

	2018	2017
Bridge Division	$ 12,168	$ 12,880
Bus Division	11,941	12,101
Ferry Division	6,870	6,977
Total	**$ 30,979**	**$ 31,958**

(13) ENVIRONMENTAL REMEDIATION

During 1992, the District discovered lead contamination in the soil beneath the north and south approaches to the Golden Gate Bridge. The District entered into a Voluntary Cleanup Agreement (VCA) with the State of California Department of Toxic Substances Control to implement a Remedial Action Plan (RAP) for the first phase of a two-phased cleanup program and a Remedial Investigation/Feasibility Study (RI/FS) and a RAP for the second phase. The District has completed the Phase I cleanup under the VCA and has expensed approximately $6.5 million for that work. The VCA requires that the District complete an RI/FS and RAP of the Phase II areas; the District is currently preparing these environmental documents and has recorded an estimate of potential costs to clean up the Phase II areas. The Phase II cleanup is estimated to be completed within the next five years.

The estimate of the lead contamination remediation liability amounted to $14.0 million as of July 1, 2008. It was subsequently reviewed in 2012 and 2017 with no significant change in exposure. The amount is determined upon the expected cash flow technique. The liability can change over time due to changes in costs of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation effort.

The District is also involved in one additional environmental remediation activity for underground storage tank clean up located at the Novato Bus Facility. The liability for remediation efforts remains at $1.0 million as of June 30, 2018. This amount was also determined using the expected cash flow technique and is subject to changes in costs of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation effort.

(14) RESTATEMENT OF NET POSITION

The District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Other Post-employment Benefits, as of July 1, 2017. The impact of the implementation on the beginning net position is as follows:

Net Position at June 30, 2017, as previously reported	$ 645,035
Net OPEB liability as of July 1, 2017	(106,356)
Balance at July 1, 2017 as restated	$ 538,679

Following is the pro forma effect of the retroactive application:	2017 Previously Presented	Restatement	2017 restated
Net OPEB liability	$ -	$ 106,356	$ 106,356

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SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (Dollar Amounts in Thousands)

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

	Fiscal Year 2018	Fiscal Year 2017
TOTAL PENSION LIABILITY		
Service cost	$ 7,723	$ 6,460
Interest on Total Pension Liability	28,828	28,355
Changes of benefit terms	-	-
Changes of Assumptions	22,252	-
Difference Between Expected and Actual Experience	(4,339)	(3,241)
Benefit Payments, Including Refunds of Employee Contributions	(21,238)	(20,421)
Net Change in Total Pension Liability	33,226	11,153
Total Pension Liability - Beginning	392,034	380,881
Total Pension Liability - Ending (a)	$ 425,260	$ 392,034
PLAN FIDUCIARY NET POSITION		
Contributions - Employer	11,232	9,445
Contributions - Employee	3,221	3,129
Net Investment Income	30,399	1,387
Net Plan to Plan Resource Movement	(12)	-
Other Miscellaneous Income	-	-
Benefit Payments, Including Refunds of Employee Contributions	(21,238)	(20,421)
Administrative Expense	(403)	(171)
Net Change in Fiduciary Net Position	23,199	(6,631)
Plan Fiduciary Net Position - Beginning	273,162	279,793
Plan Fiduciary Net Position - Ending (b)	$ 296,361	$ 273,162
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	**$ 128,899**	**$ 118,872**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.69%	69.68%
Covered Payroll	$ 41,361	$ 37,619
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	311.64%	315.99%
Discount rate used	7.15%	7.65%

CalPERS - Schedule of Pension Contributions (in Thousands):

	Fiscal Year 2018	Fiscal Year 2017
Actuarially Determined Contribution	$ 11,406	$ 11,453
Contributions in Relation to the Actuarially Determined Contribution	(11,406)	(11,453)
Contribution Deficiency (Excess)	$ -	$ -
Covered Payroll	$ 39,176	$ 41,361
Contributions as a Percentage of Covered Payroll	29.11%	27.69%

* Historical information is not available prior to the implementation of the pension standards.

Fiscal Year 2016	Fiscal Year 2015 *
$ 6,334	$ 6,739
27,534	26,655
-	-
(6,253)	-
(3,242)	-
(19,479)	(18,864)
4,894	14,530
375,987	361,457
$ 380,881	$ 375,987
7,861	7,748
2,934	3,643
6,381	42,627
-	-
-	-
(19,479)	(18,864)
(316)	-
(2,619)	35,154
282,412	247,258
$ 279,793	$ 282,412
$ 101,088	**$ 93,575**
73.46%	75.11%
$ 36,328	$ 37,044
278.26%	252.61%
7.65%	7.50%

Fiscal Year 2016	Fiscal Year 2015 *
$ 9,475	$ 7,899
(9,475)	(7,899)
$ -	$ -
$ 37,619	$ 36,328
25.19%	21.74%

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
(Dollar Amounts in Thousands)

GOLDEN GATE TRANSIT AMALGAMATED RETIREMENT PLAN

	Fiscal Year 2018	Fiscal Year 2017
TOTAL PENSION LIABILITY		
Service cost	$ 5,169	$ 3,573
Interest on Total Pension Liability	11,153	10,687
Changes of benefit terms	-	-
Changes of Assumptions	(3,552)	16,918
Difference Between Expected and Actual Experience	-	5,746
Benefit Payments, Including Refunds of Employee Contributions	(12,763)	(12,184)
Net Change in Total Pension Liability	7	24,740
Total Pension Liability - Beginning	217,797	193,057
Total Pension Liability - Ending (a)	$ 217,804	$ 217,797
PLAN FIDUCIARY NET POSITION		
Contributions - Employer	$ 4,583	$ 4,174
Contributions - Employee	1,115	804
Net Investment Income	13,452	7,220
Other Miscellaneous Income	-	-
Benefit Payments, Including Refunds of Employee Contributions	(12,763)	(12,184)
Administrative Expense	(517)	(410)
Net Change in Fiduciary Net Position	5,870	(396)
Plan Fiduciary Net Position - Beginning	106,574	106,970
Plan Fiduciary Net Position - Ending (b) [1]	$ 112,444	$ 106,574
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	**$ 105,360**	**$ 111,223**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	51.63%	48.93%
Covered Payroll	$ 22,875	$ 22,713
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	460.59%	489.69%
Discount rate used	5.37%	5.21%

1. GASB 68 requires the District to report the unfunded pension obligations under the GGTAR Plan as a liability on its financial statement even if the District is not legally responsible for the unfunded pension obligation. The District is only legally responsible for the contributions agreed to in collective bargaining under the terms of the GGTAR plan document and is not legally responsible for the current GGTAR plan unfunded net pension liability.

GGTAR - Schedule of Pension Contributions (in Thousands)

	Fiscal Year 2018	Fiscal Year 2017
Actuarially Determined Contribution	$ 8,095	$ 6,666
Contributions in Relation to the Actuarially Determined Contribution	(4,976)	(4,318)
Contribution Deficiency (Excess)	$ 3,119	$ 2,348
Covered Payroll	$ 23,334	$ 22,442
Contributions as a Percentage of Covered Payroll	21.33%	19.24%

* Historical information is not available prior to the implementation of the pension standards.

Fiscal Year 2016	Fiscal Year 2015*
$ 3,509	$ 3,174
11,661	11,278
-	-
29,833	-
	1,395
(11,202)	(10,614)
33,801	5,233
159,256	154,023
$ 193,057	$ 159,256
$ 3,967	$ 3,635
622	420
(835)	8,263
-	-
(11,202)	(10,614)
(494)	(438)
(7,942)	1,266
114,912	113,646
$ 106,970	$ 114,912
$ 86,087	**$ 44,344**
55.41%	72.16%
$ 22,327	$ 21,278
385.57%	208.40%
5.66%	7.50%

Fiscal Year 2016	Fiscal Year 2015*
$ 6,666	$ 6,351
(3,769)	(3,575)
$ 2,897	$ 2,776
$ 22,158	$ 22,189
17.01%	16.11%

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
(Dollar Amounts in Thousands)

OTHER POST-EMPLOYMENT EMPLOYEE BENEFITS

	Fiscal Year 2018	Fiscal Year 2017*
TOTAL OPEB LIABILITY		
Service cost	$ 4,508	$ 4,155
Interest on Total OPEB Liability	12,275	12,122
Changes of benefit terms	372	-
Changes of Assumptions	(3,452)	4,661
Difference Between Expected and Actual Experience	(97)	220
Benefit Payments, Including Refunds of Employee Contributions	(11,783)	(10,129)
Net Change in Total OPEB Liability	1,823	11,029
Total OPEB Liability - Beginning	176,741	165,712
Total OPEB Liability - Ending (a)	$ 178,564	$ 176,741
PLAN FIDUCIARY NET POSITION		
Contributions - Employer	$ 13,810	$ 11,649
Contributions - Employee	-	-
Net Investment Income	6,429	7,083
Other Miscellaneous Income	-	-
Benefit Payments, Including Refunds of Employee Contributions	(11,783)	(10,129)
Administrative Expense	(249)	(191)
Net Change in Fiduciary Net Position	8,207	8,412
Plan Fiduciary Net Position - Beginning	70,385	61,973
Plan Fiduciary Net Position - Ending (b)	$ 78,592	$ 70,385
Plan Net OPEB Liability - Ending (a) - (b)	**$ 99,972**	**$ 106,356**
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	44.01%	39.82%
Covered Employee Payroll	$ 76,850	$ 61,759
Plan Net OPEB Liability as a Percentage of Covered-Employee Payroll	130.09%	172.21%

Schedule of OPEB Contributions (in Thousands)

	Fiscal Year 2018	Fiscal Year 2017*
Actuarially Determined Contribution	$ 12,293	$ 11,649
Contributions in Relation to the Actuarially Determined Contribution	(12,293)	(11,649)
Contribution Deficiency (Excess)	$ -	$ -
Covered Employee Payroll	$ 76,850	$ 61,759
Contributions as a Percentage of Covered Employee Payroll	16.00%	18.86%
Average money weighted return	9%	11%

* Historical information is not available prior to the implementation of the OPEB standards.

SCHEDULE OF OPEB FUNDING PROGRESS AND SCHEDULE OF CONTRIBUTIONS

Funding progress information for the most recent three valuation dates is illustrated as follows (in thousands):

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Annual Covered Payroll	Unfunded AAL as a % of Covered Payroll
7/1/15	$ 57,175	$ 159,252	$ 102,077	35.9%	$ 55,353	184.4%
7/1/13	41,331	158,737	117,406	26.0%	52,884	222.0%
7/1/11	25,217	196,152	117,406	12.9%	51,566	227.7%

The Districts contributions to the OPEB plan were as follows (in thousands):

Fiscal Year Ending	Annual Required Contribution	Amount Contributed	Percentage Contributed	Net OPEB Obligation
2017	$ 11,649	$ 11,649	100%	-
2016	11,278	12,133	108%	-
2015	11,725	11,725	100%	-
2014	11,332	11,332	100%	-
2013	14,420	14,420	100%	-
2012	15,405	15,405	100%	-

SCHEDULE OF MEBA AND IBU CONTRIBUTIONS

Schedule of MEBA Contributions (In Thousands)

	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Actuarially Determined Contribution	$ 346	$ 322	$ 283	$ 253
Contributions in Relation to Actuarially Determined Contribution	346	322	283	253
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered Payroll	$ 2,456	$ 2,283	$ 2,172	$ 1,888
Contributions as a Percentage of Covered Payroll	14.09%	14.10%	13.03%	13.40%

Schedule of IBU Contributions (In Thousands)

	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Actuarially Determined Contribution	$ 935	$ 653	$ 597	$ 540
Contributions in Relation to Actuarially Determined Contribution	935	653	597	540
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered Payroll	$ 3,596	$ 3,257	$ 2,844	$ 2,786
Contributions as a Percentage of Covered Payroll	26.00%	20.05%	20.99%	19.38%

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SUPPLEMENTARY SCHEDULE OF REVENUE AND EXPENSES BY DIVISION (NON-GAAP BASIS), YEAR ENDED JUNE 30, 2018 AND 2017 (In thousands)

	Total		Bridge Division	
	2018	2017	2018	2017
Operating Revenues				
Bridge tolls	$ 146,596	$ 143,011	$ 146,596	$ 143,011
Transit fares	36,449	35,426	-	-
Marin Transit revenues	10,446	10,210	-	-
Other operating revenues	3,038	3,149	545	1,175
Total operating revenues	196,529	191,796	147,141	144,186
Operations	95,203	90,260	18,498	17,961
Maintenance	42,598	42,297	22,429	22,397
General and administrative	62,772	56,915	20,309	12,246
Depreciation	33,805	33,343	14,963	14,440
Total operating expenses	234,378	222,815	76,199	67,044
Operating Income (Loss)	(37,849)	(31,019)	70,942	77,142
Non-operating Revenues (Expenses):				
Operating Grants:				
State operating grants	16,510	18,737	115	-
Federal operating grants	35	232	-	-
Local operating grants	2,855	2,968	-	-
Total operating grants	19,400	21,937	115	-
Investment income	2,084	1,831	2,084	1,831
Interest expense	(717)	(426)	(717)	(426)
Gain (Loss) on disposal of assets	734	8	(15)	8
Contribution to capital reserve	(21,000)	(21,000)	(15,000)	(15,000)
Contribution to bridge self-insurance reserve	(1,300)	(1,300)	(1,300)	(1,300)
Total non-operating revenues (expenses)	(799)	1,050	(14,833)	(14,887)
Net Income (Loss)	(38,648)	(29,969)	56,109	62,255
Depreciation and Gain/Loss on Capital Assets Acquired with Capital Grants	24,915	24,371	9,154	8,702
Excess Revenues (Loss)	**$ (13,733)**	**$ (5,598)**	**$ 65,263**	**$ 70,957**

SUPPLEMENTARY SCHEDULE OF REVENUE AND EXPENSES BY DIVISION (NON-GAAP BASIS), YEAR ENDED JUNE 30, 2018 AND 2017 (In thousands), (continued)

Bus Division		Ferry Division	
2018	**2017**	**2018**	**2017**
$ -	$ -	$ -	$ -
15,193	15,105	21,256	20,321
10,446	10,210	-	-
1,016	688	1,477	1,286
26,655	26,003	22,733	21,607
56,964	54,286	19,741	18,013
14,972	15,102	5,197	4,798
33,127	35,263	9,336	9,406
10,393	10,384	8,449	8,519
115,456	115,035	42,723	40,736
(88,801)	(89,032)	(19,990)	(19,129)
13,734	15,413	2,661	3,324
35	216	-	16
2,855	2,968	-	-
16,624	18,597	2,661	3,340
-	-	-	-
-	-	-	-
752	-	(3)	-
(2,000)	(2,000)	(4,000)	(4,000)
-	-	-	-
15,376	16,597	(1,342)	(660)
(73,425)	(72,435)	(21,332)	(19,789)
9,180	9,132	6,581	6,537
$ (64,245)	**$ (63,303)**	**$ (14,751)**	**$ (13,252)**

SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES BY DIVISION
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

RECONCILIATION OF THE SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES BY DIVISION (NON-GAAP BASIS) TO THE BASIC FINANCIAL STATEMENTS

As discussed in Note 2, the accompanying basic financial statements have been prepared on the accrual basis of accounting in conformity with GASB pronouncements. The following summary reflects the differences between the Supplemental Schedule of Revenues and Expenses and the GAAP basic financial statement for the years ended June 30, 2018 and 2017 (in thousands):

	2018	2017
Contribution to capital reserve and Bridge self-insurance reserve considered as an expense on the financial statements	$ 22,298	$ 22,300
Depreciation and gain/(loss) on capital assets acquired with capital grants	(24,915)	(24,371)
Passed through grants	(3,790)	(2,217)
Capital grants	24,906	13,213
Total differences	18,499	8,925
Excess revenue (loss)	(13,733)	(5,598)
Net change in net position	**$ 4,766**	**$ 3,327**

Statistical Section

Statistical Section

This section of the comprehensive annual financial report of the District presents detailed information about the District's financial results, major revenue sources, outstanding debt obligations, demographic statistics, and operating activities to help the reader understand the District's overall financial condition.

CONTENTS **Page**

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the District's financial performance has changed over time.

REVENUE CAPACITY

These schedules contain information to help the reader assess the District's local revenue sources (tolls and transit fares).

DEBT CAPACITY

This schedule presents information to help the reader assess the affordability of the District's current outstanding debts and the District's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules contain demographic and economic indicators to assist the reader in understanding the environment within which the District's financial activities take place.

OPERATING INFORMATION

This schedule contains service and facility statistics to help the reader understand how the District's financial report relates to its services and operating activities.

Source: Unless otherwise noted, the information in these schedules was derived from the District's financial statements.

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TABLE 1: REVENUES BY SOURCE, LAST TEN YEARS (IN THOUSANDS)

	2009	2010	2011	2012	2013
OPERATING REVENUES:					
Bridge tolls	$ 97,121	$ 100,569	$ 100,776	$ 102,814	$ 102,307
Bus Transit fares	11,804	11,750	11,960	12,367	13,547
Bus concessions with Marin Transit	14,790	15,638	15,511	16,363	14,580
Ferry Transit fares	10,067	10,697	11,979	13,712	15,227
Visitor concession services[1]	3,142	3,082	3,352	1,882	-
Other	2,811	1,734	2,132	2,437	3,720
OPERATING REVENUES	$ 139,735	$ 143,470	$ 145,710	$ 149,575	$ 149,381
OTHER REVENUES:					
State operating grants	13,587	9,858	14,999	15,923	15,757
Federal operating grants	403	50	4,717	550	190
Local operating grants	2,935	3,039	2,898	2,780	2,434
Investment income	8,774	5,634	2,789	2,800	813
Capital grants[2]	28,287	55,372	66,670	67,126	35,648
TOTAL REVENUES	**$ 193,721**	**$ 217,423**	**$ 237,783**	**$ 238,754**	**$ 204,223**

1. In 2013, the visitor's concession services program was transferred to the Golden Gate National Parks Conservancy and is no longer a part of the District.
2. Beginning in Fiscal Year 2010/2011, capital grants reflected capital grants received as pass-through to other agencies in subaward agreements.

2014	2015	2016	2017	2018
$ 112,668	$ 129,500	$ 137,619	$ 143,011	$ 146,596
14,520	14,994	15,646	15,105	15,193
13,320	10,442	11,973	10,210	10,446
17,167	18,392	19,695	20,321	21,255
-	-	-	-	-
2,483	2,981	3,341	3,149	3,037
$ 160,158	$ 176,309	$ 188,274	$ 191,796	$ 196,527
16,001	18,368	16,317	18,737	16,510
94	8	211	232	35
2,596	2,492	2,777	2,968	2,855
3,039	2,408	3,822	1,831	2,084
36,030	48,742	33,298	13,213	24,906
$ 217,918	**$ 248,327**	**$ 244,699**	**$ 228,777**	**$ 242,917**

TABLE 2: EXPENSES BY FUNCTION, LAST TEN YEARS (IN THOUSANDS)

Operating Expenses:	2009	2010	2011	2012	2013
Bridge					
Operations	$ 15,260	$ 16,506	$ 17,193	$ 16,821	$ 15,891
Maintenance	15,301	17,589	18,277	19,226	20,006
General & administrative	13,451	10,340	10,790	9,980	10,200
Depreciation	6,937	13,966	10,395	10,349	10,498
Bridge	50,949	58,401	56,655	56,376	56,595
Bus					
Operations	48,343	48,974	50,796	52,015	53,938
Maintenance	12,702	12,303	12,788	13,085	14,152
General & administrative	12,265	12,167	14,220	14,896	13,426
Depreciation	7,557	6,559	7,560	8,186	7,530
Bus	80,867	80,003	85,364	88,182	89,046
Ferry					
Operations	12,900	12,627	14,687	15,659	16,778
Maintenance	3,393	3,015	3,955	3,659	3,583
General & administrative	8,290	5,866	6,991	7,374	7,100
Depreciation	4,196	4,400	3,126	8,153	7,674
Ferry	28,779	25,908	28,759	34,845	35,135
Total Operating Expenses	160,595	164,312	170,778	179,403	180,776
Non Operating Expenses:					
Passed through grants[1]	-	-	16,256	9,096	3,315
Interest	751	179	183	100	106
Other	(96)	28	(37)	(148)	22
TOTAL EXPENSES	**$ 161,250**	**$ 164,519**	**$ 187,180**	**$ 188,451**	**$ 184,219**

1. Beginning in Fiscal Year 2010/2011, capital expenses incurred as part of subawarded agreements were separately stated. Prior to this, capital expenses were offset against capital grants.

2014	2015	2016	2017	2018
$ 17,554	$ 17,057	$ 16,706	$ 17,961	$ 18,498
20,032	19,841	21,610	22,397	22,429
12,110	11,317	9,153	12,246	20,309
11,239	13,286	14,157	14,440	14,963
60,935	61,501	61,626	67,044	76,199
52,030	54,215	54,463	54,286	56,964
13,256	12,842	14,497	15,102	14,972
14,911	14,336	27,674	35,263	33,127
8,152	8,503	9,801	10,384	10,393
88,349	89,896	106,435	115,035	115,456
18,031	17,768	16,734	18,013	19,741
5,364	4,861	5,659	4,798	5,197
7,398	8,636	9,238	9,406	9,336
7,758	6,464	7,306	8,519	8,449
38,551	37,729	38,937	40,736	42,723
187,835	189,126	206,998	222,815	234,378
2,337	783	76,123	2,217	3,790
60	45	81	426	717
71	(21)	(1)	(8)	(734)
$ 190,303	**$ 189,933**	**$ 283,201**	**$ 225,450**	**$ 238,151**

TABLE 3: CHANGES IN NET POSITION, LAST TEN YEARS (IN THOUSANDS)

	2009	2010	2011	2012	2013
Operating revenues	$ 139,735	$ 143,470	$ 145,710	$ 149,577	$ 149,381
Operating expenses	(141,905)	(139,387)	(149,697)	(152,717)	(155,074)
Income before depreciation and other nonoperating revenues and expenses	(2,170)	4,083	(3,987)	(3,140)	(5,693)
Depreciation	(18,690)	(24,925)	(21,081)	(26,688)	(25,702)
Operating loss	(20,860)	(20,842)	(25,068)	(29,828)	(31,395)
Other nonoperating revenues and expenses, net	25,044	18,374	9,001	13,005	15,751
Income/(loss) before capital Grants and restatements	4,184	(2,468)	(16,067)	(16,823)	(15,644)
Capital grants[1]	28,287	55,372	66,670	67,126	35,648
Change in net position	32,471	52,904	50,603	50,303	20,004
Net position, beginning	532,928	565,399	618,303	668,906	719,209
Restatements [2]	-	-	-	-	-
Net position, ending	$ 565,399	$ 618,303	$ 668,906	$ 719,209	$ 739,213

1. Beginning in Fiscal Year 2010/2011, capital grants reflected capital grants received as pass-through to other agencies in subawarded agreements. In addition, capital expenses to other agencies for subawarded agreements were separately stated. Prior to this, capital expenses for subawarded agreements were offset against capital grants.
2 The restatement of the beginning net position is due to the changes in accounting principles related to GASB Statements 68 – Accounting Reporting for Pensions and GASB Statement No. 75 – Accounting and Reporting for Other Post-employment Benefits.

2014	2015	2016	2017	2018
$ 160,158	$ 176,309	$ 188,272	$ 191,796	$ 196,526
(160,686)	(160,873)	(175,741)	(189,472)	(200,573)
(528)	15,436	12,531	2,324	(4,047)
(27,149)	(28,253)	(31,256)	(33,343)	(33,805)
(27,677)	(12,817)	(18,725)	(31,019)	(37,852)
19,262	22,469	(53,076)	21,133	17,711
(8,415)	9,652	(71,801)	(9,886)	(20,141)
36,030	48,742	33,298	13,213	24,906
27,615	58,394	(38,503)	3,327	4,765
739,213	766,828	680,211	641,708	645,035
-	(145,011)	-	-	(106,355)
$ 766,828	$ 680,211	$ 641,708	$ 645,035	$ 543,445

TABLE 4: NET POSITION, LAST TEN YEARS (IN THOUSANDS)

	2009	2010	2011	2012	2013
ASSETS:					
Current assets	$ 206,238	$ 238,007	$ 240,088	$ 249,211	$ 269,254
Capital assets	478,642	513,844	549,160	592,585	608,247
Total current/capital assets	684,880	751,851	789,248	841,796	877,501
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-
LIABILITIES:					
Current liabilities	29,167	40,824	26,815	29,100	43,178
Debt outstanding	61,000	61,000	61,000	61,000	61,000
Noncurrent, other liabilities	29,314	31,724	32,527	32,487	34,110
Total Liabilities	119,481	133,548	120,342	122,587	138,288
DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-
NET POSITION:					
Net investment in capital assets	417,641	452,844	488,159	531,585	547,246
Restricted:					
Debt service requirements	12,791	12,791	12,791	12,791	12,791
Park Presidio Doyle Drive reconstruction project [1]	-	-	-	-	-
Unrestricted (deficit)[2]	134,967	152,668	167,956	174,833	179,176
TOTAL NET POSITION	**$ 565,399**	**$ 618,303**	**$ 668,906**	**$ 719,209**	**$ 739,213**

1. In August 2015, the District contributed $75 million to San Francisco County Transportation Authority, as part of a funding agreement for the Park Presidio (Doyle Drive) reconstruction project.
2. GASB 68 requires the District to report the unfunded pension obligations under the Golden Gate Transit Amalgamated Retirement Plan (GGTAR) as a liability on its financial statement even if the District is not legally responsible for the unfunded pension obligation. The District is only legally responsible for the contributions agreed to in collective bargaining under the terms of the GGTAR document and is not legally responsible for the current GGTAR plan unfunded net pension liability of $105.3 million. The liability has resulted in a deficit for this reporting year.

2014	2015	2016	2017	2018
$ 269,603	$ 304,919	$ 266,412	$ 294,999	$ 311,032
624,087	657,307	663,318	649,179	655,598
893,690	962,226	929,730	944,178	966,630
-	10,830	39,168	66,179	53,445
32,267	40,176	38,499	33,108	33,172
61,000	61,000	61,000	61,000	61,000
33,595	172,099	221,358	265,924	368,696
126,862	273,275	320,857	360,032	462,868
-	19,570	6,333	5,290	13,762
563,087	596,307	602,318	588,179	594,598
12,791	12,791	12,791	12,791	12,791
-	75,000	-	-	-
190,950	(3,887)	26,599	44,065	(63,944)
$ 766,828	**$ 680,211**	**$ 641,708**	**$ 645,035**	**$ 543,445**

TABLE 5: TRAFFIC/PATRON COUNT AND TOLL/FARE PER VEHICLE/PATRON, LAST TEN YEARS (IN THOUSANDS)

	2009	2010	2011	2012
TRAFFIC/PATRON COUNT:				
Bridge traffic (southbound)[1]	19,066	19,295	19,084	19,417
Bus passengers - regional[2]	-	-	-	-
Bus passengers - Local services under contract[2]	-	-	-	-
Bus passengers - combined	7,166	6,514	6,568	6,527
Ferry passengers	1,949	1,931	2,031	2,195
Club Bus passengers[3]	50	49	40	31
TOLL/FARE PER VEHICLE/PATRON[1]:				
Average toll	$ 5.09	$ 5.21	$ 5.28	$ 5.30
Average bus fare (regional services)	-	-	-	-
Average bus fare (local services under contract)[2]	-	-	-	-
Average bus fare (combined)	$ 2.10	$ 2.27	$ 2.29	$ 2.39
Average ferry fare	$ 5.17	$ 5.54	$ 5.90	$ 6.25

1. The District only charges tolls for one-way (Southbound) traffic direction.
2. Effective with the renegotiated contract with Marin Transit in 2015, operating indicators are displayed by component. Prior to Fiscal Year 14/15, indicators are inclusive of the Marin Transit routes.
3. The District contracts a limited program of service routes called Club Bus with Horizon Coach Lines (formerly Coach USA). This program ended in December, 2012.

Data Source: District Annual Reports and/or Comprehensive Annual Financial Reports

2013	2014	2015	2016	2017	2018
19,376	20,014	20,086	20,557	20,592	20,469
-	-	3613	3499	3137	3,159
-	-	NA	NA	NA	NA
6,628	6,385	NA	NA	NA	NA
2,326	2,471	2,540	2,545	2,523	2,578
14	-	-	-	-	-
$ 5.28	$ 5.63	$ 6.45	$ 6.69	$ 6.95	$ 7.16
-	-	$ 4.14	$ 4.49	$ 4.81	$ 4.79
-	-	NA	NA	NA	NA
$ 2.49	$ 2.69	NA	NA	NA	NA
$ 6.55	$ 6.95	$ 7.24	$ 7.74	$ 8.05	$8.24

TABLE 6: CATEGORIES OF TRAFFIC (SOUTHBOUND), LAST TEN YEARS (IN THOUSANDS)

	2009		2010		2011	
CATEGORY:	**COUNT**	**%**	**COUNT**	**%**	**COUNT**	**%**
Two-Axle Vehicles - Cash	7,107	37.3%	6,890	35.7%	6,244	32.7%
Two-Axle Vehicles - Electronic/Tickets	11,271	59.1%	11,736	60.8%	12,448	65.2%
Other Revenue	103	0.5%	101	0.5%	99	0.5%
Carpool	439	2.3%	421	2.2%	144	0.8%
Non Revenue	146	0.8%	148	0.8%	149	0.8%
TOTAL VEHICLES[1]	**19,066**	**100%**	**19,296**	**100%**	**19,084**	**1**

	2012		2013		2014	
CATEGORY:	**COUNT**	**%**	**COUNT**	**%**	**COUNT**	**%**
Two-Axle Vehicles - Cash	6,177	31.8%	4,376	22.6%	19,454	97.2%
Two-Axle Vehicles - Electronic/Tickets	12,821	66.1%	14,612	75.4%	103	0.5%
Other Revenue	105	0.5%	97	0.5%	269	1.3%
Carpool	134	0.7%	150	0.8%	30	0.1%
Non Revenue	180	0.9%	141	0.7%	158	0.8%
TOTAL VEHICLES[1]	**19,417**	**100%**	**19,376**	**100%**	**20,014**	**100%**

	2015		2016		2017	
CATEGORY:	**COUNT**	**%**	**COUNT**	**%**	**COUNT**	**%**
Two-Axle Vehicles	19,408	96.6%	19,805	96.6%	19,798	96.1%
Three + Axle Vehicles	105	0.5%	107	0.5%	105	0.5%
Discount - Carpools	384	1.9%	459	1.9%	507	2.5%
Discount - Other	30	0.1%	29	0.1%	28	0.1%
Non Revenue	159	0.8%	157	0.8%	154	0.7%
TOTAL VEHICLES[2]	**20,086**	**100%**	**20,557**	**100%**	**20,592**	**100%**

	2018	
CATEGORY:	**COUNT**	**%**
Two-Axle Vehicles	19,640	95.4%
Three + Axle Vehicles	114	0.6%
Discount - Carpools	533	2.6%
Discount - Other	27	0.1%
Non Revenue	155	0.8%
TOTAL VEHICLES[2]	**20,469**	**99%**

1. The District charges tolls only in the southbound direction; therefore, the category for Total Vehicles includes only the southbound traffic.
2. In March 2013, the District converted to all electronic tolling operation; as a result, the tracking categories from this period forward are reflective of this new program.

Data Source: Finance-Auditing Committee Board Reports

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TABLE 7: OPERATING INDICATORS BY TRANSIT MODE, LAST TEN YEARS[1]

	2009	2010	2011	2012	2013
AVERAGE PASSENGER FARES [1]:					
Bus - regional services	-	-	-	-	-
Bus - local services under contract	-	-	-	-	-
Bus - combined	$2.10	$2.27	$2.29	$2.39	$2.49
Ferry	$5.17	$5.54	$5.90	$6.25	$6.55
PASSENGER COUNT*:					
Bus - regional services	-	-	-	-	-
Bus - local services under contract	-	-	-	-	-
Bus - combined	7,166	6,514	6,568	6,527	6,628
Ferry	1,949	1,931	2,031	2,195	2,326
OPERATING COSTS* (excluding depreciation):					
Bus - combined	$73,310	$73,444	$77,804	$79,996	$81,516
Ferry	$24,583	$21,508	$25,633	$26,692	$27,461
PASSENGER MILES*:					
Bus - regional services	-	-	-	-	-
Bus - local services under contract	-	-	-	-	-
Bus - combined	61,141	61,773	81,690	75,262	72,941
Ferry	21,535	21,209	22,541	24,211	25,539
REVENUE VEHICLE MILES*:					
Bus - regional services	-	-	-	-	-
Bus - local services under contract	-	-	-	-	-
Bus - combined	5,385	5,447	5,182	5,171	5,108
Ferry	187	187	185	181	177
NUMBER OF ACTIVE BUSES/VESSELS:					
Bus - regional services	-	-	-	-	-
Bus - local services under contract	-	-	-	-	-
Bus - combined	201	201	197	188	188
Ferry	6	6	7	7	7

1. Effective with the renegotiated contract with Marin Transit in 2015, operating indicators are displayed by component. Prior to Fiscal Year 2014/2015, indicators are inclusive of the Marin Transit Routes.
*These figures are in thousands.
N/A - Information not available.
Note: Effective June 30, 2015, additional information is displayed for local services provided under contract with Marin Transit.
Data Source: Average Passenger Fares and Passenger Count per Table 5; Operating Costs per Table 2; all other information is from the National Transit Database Report, Direct Operations only, or State Controller's Report.

2014	2015	2016	2017	2018
-	$4.14	$4.49	$4.81	$4.81
-	NA	NA	NA	NA
$2.69	NA	NA	NA	NA
$6.95	$7.24	$7.74	$8.05	$8.24
-	3,613	3,499	3,137	3,159
-	NA	NA	NA	NA
6,385	NA	NA	NA	NA
2,471	2,540	2,545	2,523	2,578
$80,197	$81,393	$96,634	$104,651	$105,063
$30,793	$31,265	$31,631	$32,217	$34,274
-	67,807	63,440	58,500	58,506
-	NA	NA	NA	NA
26,909	NA	NA	NA	NA
26,911	27,687	27,885	27,370	27,534
-	4,162	4,266	4,249	4,228
-	NA	NA	NA	NA
5,033	NA	NA	NA	NA
181	187	190	196	209
-	176	160	159	150
-	17	17	17	27
180	193	177	176	177
7	7	7	7	7

TABLE 8: COMMERCIAL PAPER DEBT PAYMENT COVERAGE COVENANT, LAST TEN YEARS (IN THOUSANDS)

	2009	2010	2011	2012	2013
Total revenues (less capital contribution)	$165,434	$162,052	$171,115	$171,629	$168,575
Less:					
Total operating expenses (less depreciation)	(141,905)	(139,387)	(149,696)	(152,715)	(155,074)
Total Net Revenues	23,529	22,665	21,419	18,914	13,501
Plus:					
Operating reserve fund	7,320	7,320	7,320	7,320	7,320
Total net revenues and operating reserve	30,849	29,985	28,739	26,234	20,821
Actual Commercial Paper debt service	$ 751	$ 179	$ 183	$ 100	$ 106
Coverage (with operating reserve)	41.1	167.5	157.0	262.3	196.4
Coverage (without operating reserve)	31.3	126.6	117.0	189.1	127.4

On July 12, 2000, the District issued commercial paper notes in Series A and Series B in an amount of $30.5 million for each series to provide funds for the Golden Gate Bridge seismic retrofit project and the renovation of main cables of the Bridge. The commercial paper covenant requires the District to establish a budget that produces sufficient revenues to pay twice as much debt service as projected. Debt service requirement includes $7.3 million Operating Reserve Fund, as required by the covenant.

2014	2015	2016	2017	2018
$181,888	$199,585	$211,400	$215,564	$218,011
(160,686)	(160,873)	(175,734)	(189,472)	(200,573)
21,202	38,712	35,666	26,092	17,438
7,320	7,320	7,320	7,320	7,320
28,522	46,032	42,986	33,412	24,758
$ 60	$ 45	$ 81	$ 426	$ 717
475.4	1022.9	530.7	78.4	34.5
353.4	860.3	440.3	61.2	24.3

TABLE 9: RATIO OF OUTSTANDING DEBT AND DEBT SERVICE, LAST TEN YEARS (IN THOUSANDS)

	2009	2010	2011	2012
COMMERCIAL PAPER DEBT:	$ 61,000	$ 61,000	$ 61,000	$ 61,000
Percentage of Personal Income (Three County Region)[1]	0.0603%	0.0615%	0.0600%	0.0579%
Per Capita (Three County Region)[2]	$0.04	$0.04	$0.04	$0.04
Total Outstanding Debt Per Traffic/Passenger Count	$2.16	$2.20	$2.20	$2.17
DEBT SERVICE:	$751	$179	$183	$100
Percentage of Personal Income (Three County Region)[1]	0.0007%	0.0002%	0.0002%	0.0001%
Per Capita (Three County Region)[2]	$0.00048	$0.00012	$0.00012	$0.00006
Total Outstanding Debt Service Per Traffic/Passenger Count [3]	$ 0.027	$ 0.006	$ 0.007	$ 0.004

1. Due to unavailable statistical information, some percentages used a prior year personal income figures.

2. Due to unavailable statistical information, some figures used prior year per capita figures.

3. Information of traffic/passenger count is as follows (thousands):

	2009	2010	2011	2012
Traffic Vehicle Count	19,066	19,295	19,084	19,417
Number of Transit Passengers[4]	9,165	8,494	8,639	8,753
Total Traffic/Regional Passenger Count	**28,231**	**27,789**	**27,723**	**28,170**

4. Effective with the renegotiated contract with Marin Transit in 2015, operating indicators are displayed by component. Regional bus passenger count is displayed effective Fiscal Year 2014/2015.

2013	2014	2015	2016	2017	2018
$ 61,000	$ 61,000	$ 61,000	$ 61,000	$ 61,000	$ 61,000
0.0550%	0.0540%	0.0540%	0.0540%	0.0438%	0.0390%
$0.04	$0.04	$0.04	$0.04	$0.04	$0.04
$2.15	$2.11	$2.13	$2.12	$2.32	$2.33
$106	$60	$45	$81	$426	$717
0.0001%	0.0001%	0.0000%	0.00007%	0.00031%	0.00138%
$0.00007	$0.00004	$0.00003	$0.00005	$0.00026	$0.00760
$ 0.004	$ 0.002	$ 0.002	$ 0.003	$ 0.016	$ 0.027

2013	2014	2015	2016	2017	2018
19,376	20,014	20,086	20,557	20,592	20,469
8,968	8,856	6,153	6,044	5,660	5,737
28,344	**28,870**	**26,239**	**26,601**	**26,252**	**26,206**

TABLE 10: DEMOGRAPHIC AND ECONOMIC INFORMATION, LAST TEN YEARS

	Marin County[1]			
	Population	Personal Income (In Thousands)	Per Capita Personal Income	Average Unemployment Rate
2009	250,750	$ 22,351,575	$ 89,139	8.10%
2010	252,789	20,854,466	82,498	8.20%
2011	255,031	21,871,623	85,761	8.10%
2012	256,069	23,918,732	93,407	7.00%
2013	258,365	25,093,401	97,124	5.40%
2014	260,750	25,716,754	98,626	4.20%
2015	261,221	28,492,821	109,076	3.50%
2016	260,651	30,222,883	115,952	3.50%
2017	*	*	*	2.20%
2018	260,955	30,258,254	115,952	2.70%

	City/County of San Francisco[2]			
	Population	Personal Income (In Thousands)	Per Capita Personal Income	Average Unemployment Rate
2009	815,358	$ 55,559,545	$ 68,141	7.40%
2010	805,235	57,619,120	71,556	9.70%
2011	812,826	63,102,121	77,633	9.20%
2012	825,863	70,573,974	85,455	8.10%
2013	841,138	72,858,445	86,619	6.50%
2014	852,469	77,233,279	90,600	5.20%
2015	862,004	89,533,450	103,867	4.00%
2016	870,887	93,526,594	107,392	3.40%
2017	879,862	95,946,973	109,048	3.10%
2018	884,363	97,649,594	110,418	2.60%

	Sonoma County[3]			
	Population	Personal Income (In Thousands)	Per Capita Personal Income	Average Unemployment Rate
2009	486,630	$ 22,787,716	$ 46,828	10.10%
2010	493,285	21,701,296	43,993	10.60%
2011	487,125	21,142,471	43,403	10.10%
2012	487,011	21,417,425	43,977	9.00%
2013	490,423	22,126,957	45,118	7.10%
2014	490,486	23,548,182	48,010	5.70%
2015	496,253	24,606,709	49,585	4.30%
2016	501,959	26,874,652	53,540	4.10%
2017	505,120	27,034,022	53,520	3.60%
2018	504,217	28,522,043	56,567	3.00%

1. County of Marin June 30, 2017, CAFR:
    a) Average unemployment rate for 2017 provided by California Employment Development Department.
    b) Population for 2018 provided by U. S. Census Bureau.
2. City and County of San Francisco June 30, 2017, CAFR, with additional information as follows:
    a) Average unemployment rate for 2018 provided by California Employment Development Department.
3. County of Sonoma June 30, 2017, CAFR, with additional information as follows:
    a) Average unemployment rate for 2018 provided by California Employment Development Department.

*Information not available.

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TABLE 11: PRINCIPAL EMPLOYERS, CURRENT AND PREVIOUS PERIOD COMPARISON

Marin County

Principal Employers[1,3]	Type of Entity	Employees in 2016	Rank	% of Total County Employment	Employees in 2008	Rank	% of Total County Employment
County of Marin	Government	2,282	1	1.67%	3,031	1	2.43%
Kaiser Permanente Medical Center	Hospital	2,061	2	1.51%	1,398	4	1.12%
Marin General Hospital	Hospital	1,757	3	1.29%	1,450	3	1.16%
San Quentin State Prison	Government	1,662	4	1.22%			
Novato Unified School District	School	800	5	0.59%	875	9	0.70%
Autodesk, Inc.	Technology	719	6	0.53%	1,141	5	0.91%
San Rafael City Schools	School	700	7	0.51%			
Glassdoor	Technology	500	8	0.37%			
Dominican University	School	456	9	0.33%	884	8	0.71%
Marin County Office of Education	School	351	10	0.26%			
State of California	Government				1,999	2	1.60%
Safeway, Inc.	Grocery				930	7	0.75%
Golden Gate Transit	Government				838	10	0.67%
Fireman's Fund	Insurance				1,018	6	0.82%
Total		**11,288**		**8.28%**	**13,564**		**10.87%**

City/County of San Francisco

Principal Employers[2,3]	Type of Entity	Employees in 2016	Rank	% of Total City County Employment	Employees in 2008	Rank	% of Total County Employment
City and County of San Francisco	Government	29,962	1	5.53%	26,665	1	6.44%
University of California, San Francisco	School	25,398	2	4.69%	17,500	2	4.23%
San Francisco Unified School District	School	9,227	3	1.70%	5,579	6	1.35%
Wells Fargo & Co	Banking	8,195	4	1.51%	8,139	3	1.96%
Salesforce	Software	6,600	5	1.22%			
California Pacific Medical Center	Hospital	6,000	6	1.11%	5,569	5	1.34%
PG&E Corporation	Utility	4,325	7	0.80%	4,800	8	1.16%
Gap, Inc	Retail	4,268	8	0.79%	4,075	9	0.98%
Kaiser Permanente	Hospital	4,100	9	0.76%	3,918	10	0.95%
Uber Technologies Inc	Transportation	3,650	10	0.67%			
State of California	Government				6,226	4	1.50%
United States Postal Service	Government				4,935	7	1.19%
Total		**101,725**		**18.78%**	**87,406**		**21.10%**

Note: In some instance, information for current year and nine years ago is not available; information for periods that are available are provided as an alternative.

1. Data Source: County of Marin, June 30, 2017, CAFR.
2. Data Source: City and County of San Francisco, June 30, 2017, CAFR.
3. Data Source: Golden Gate Bridge, Highway & Transportation District, June 30, 2008, CAFR.

Sonoma County

Principal Employers[1,2]	Type of Entity	Employees in 2016	Rank	% of Total County Employment	Employees in 2008	Rank	% of Total County Employment
County of Sonoma	Government	3,894	1	2.92%			
Santa Rosa Junior College	School	3,676	2	2.75%			
Kaiser Permanente Medical Center	Hospital	2,640	3	1.98%	2,400	1	1.02%
Graton Resort and Casino	Casino	2,000	4	1.50%			
Santa Rosa City Schools	School	1,691	5	1.27%			
St. Joseph Health System	Health Care	1,578	6	1.18%	1,781	2	0.75%
Keysight Technologies	Technology	1,505	7	1.13%			
Sonoma State University	School	1,275	8	0.95%			
City of Santa Rosa	Government	1,267	9	0.95%			
Medtronic CardioVascular	Hospital	1,000	10	0.75%	1,000	6	0.42%
Agilent Technologies	Telecom				1,050	5	0.44%
Safeway	Grocery				1,082	4	0.46%
Sutter Santa Rosa Regional Hospital	Hospital				1,097	3	0.46%
Amy's Kitchen	Retail				900	7	0.38%
River Rock Casino	Casino				660	8	0.28%
Wal-Mart Stores, Inc.	Retail				650	9	0.28%
Kendell Jackson Wine Estates	Windery				640	10	0.27%
Total		**20,526**		**15.37%**	**11,260**		**4.76%**

Note: In some instances, information for current year and nine years ago is not available; information for periods that are available are provided as an alternative.

1. Data Source: County of Sonoma, June 30, 2017, CAFR.
2. Data Source: Golden Gate Bridge, Highway & Transportation District, June 30, 2008, CAFR.

TABLE 12: CAPITAL ASSETS BY DIVISION, LAST TEN YEARS (IN THOUSANDS)

	2009	2010	2011	2012
Function				
Traffic:				
Bridge structure	1	1	1	1
Visitor Services building[1]	1	1	1	-
Maintenance buildings	1	1	1	1
Service vehicles	N/A	50	50	53
Total capital expenditures for Bridge, related buildings and equipment (not being depreciated)[2]	$269,429	$454,800	$458,365	$460,179
Bus Transit[3]:				
Number of active buses - regional services				
Number of active buses - local services under contract				
Number of active buses - combined	201	201	197	188
Service vehicles	N/A	31	27	30
Operating yards	3	3	3	3
Total capital expenditures for Bus Transit property and equipment (not being depreciated)	$114,400	$119,273	$137,828	$145,731
Ferry Transit:				
Number of active ferry vessels	6	6	7	7
Passenger stations	4	4	4	4
Service vehicles	N/A	9	10	10
Service crafts	N/A	2	2	2
Operating yards	1	1	1	1
Total capital expenditures for Ferry Transit property and equipment (not being depreciated)	$92,036	$97,878	$ 94,171	$127,628

N/A - Information not available.

Organization: Political subdivision of the State of California. Governing body: 19-member Board of Directors, with appointed General Manager/CEO
*Information is to the nearest 1,000

1. In 2012, the District partnered with Golden Gate National Parks Conservancy (Parks Conservancy) to enhance the visitor experience. The Visitor Services building is now included as a subcomponent within the Bridge.
2. Reflects Bridge Seismic Retrofit Construction for South Viaduct (Phase II).
3. Effective 2015, as a part of the renegotiated contract between the District and Marin Transit, the District will begin reflecting regional transit information.

2013	2014	2015	2016	2017	2018
1	1	1	1	1	1
-	-	-	-	-	-
1	1	1	1	1	1
49	48	48	51	53	49
$464,771	$580,506	$609,129	$637,731	$643,306	$643,276
		176	160	159	150
		17	17	17	27
188	180	193	177	176	177
-	26	30	30	29	30
3	3	3	3	3	3
$147,012	$150,409	$173,878	$175,621	$159,366	$158,764
7	7	7	7	7	7
4	4	4	4	5	5
-	10	10	9	10	10
2	2	2	2	2	2
1	1	1	1	1	1
$131,015	$134,449	$135,451	$138,287	$148,755	$176,398

TABLE 13: MISCELLANEOUS OPERATING INFORMATION, LAST TEN YEARS (UPDATED AS OF JUNE 30, 2017)

		2009	2010	2011
Golden Gate Bridge Division	Annual traffic volume (Southbound only)*	19,066	19,295	19,084
	Bridge employees - Operations[1]	101	101	99
	Bridge employees - Maintenance & Administration	108	108	108
	Bridge employees - Total	209	209	207
Golden Gate Transit Division [2]	Number of active buses (regional)	-	-	-
	Number of active buses (local services under contract)	-	-	-
	Number of active buses (combined)	201	201	197
	Annual revenue vehicle miles (regional)*	-	-	-
	Annual revenue vehicle miles (local services under contract)	-	-	-
	Annual revenue vehicle miles (combined)*	5,385	5,447	5,182
	Annual revenue vehicle hours (regional)*	-	-	-
	Annual revenue vehicle hours (local services under contract)	-	-	-
	Annual revenue vehicle hours (combined)*	349	343	333
	Bus employees - Bus Operators (regional)	280	280	280
	Bus employees - Bus Operators (local services under contra	-	-	-
	Bus employees - Bus Operators (combined)	-	-	-
	Bus Employees - Maintenance & Administration	120	120	120
	Bus employees - Total	400	400	400
Golden Gate Ferry Division	Number of active vessels in fleet	6	6	7
	Annual revenue vessel miles*	187	187	185
	Annual revenue vessel hours*	14	14	14
	Ferry employees - Operations[3]	63	63	63
	Ferry Employees - Maintenance & Administration	16	16	16
	Ferry employees - Total	79	79	79
	Golden Gate Bridge Administrative Staff (including Finance, Information Systems, Human Resources, Planning, etc.)	151	151	145
	Total number of Districtwide employees	839	839	831
	Service Area Provided by Golden Gate Transit			
	Square Miles	160	160	160
	Population	815	815	869

Organization: Political subdivision of the State of California. Governing body: 19-member Board of Directors, with appointed General Manager/CEO
*Information is to the nearest 1,000
1. Decrease in employee count is a result of conversion to electronic collection of Bridge tolls in 2013.
2. Effective 2015, as a part of the renegotiated contract between the District and Marin Transit, the District will begin reflecting regional service information.
3. Increase in employee count in 2016 is a result of required staffing for additional Ferry service.

Data Source: District Adopted Budget, tables within this CAFR, and the National Transit Database Report.

2012	2013	2014	2015	2016	2017	2018
19,417	19,376	20,014	20,086	20,557	20,592	20,469
90	58	61	58	58	66	66
107	107	111	113	114	113	113
197	165	172	171	172	179	179
-	-	-	176	160	159	150
-	-	-	17	17	17	27
188	188	180	193	177	176	177
-	-	-	4162	4,266	4,249	4,228
-	-	-	NA	NA	NA	NA
5,171	5,108	4,946	NA	NA	NA	NA
-	-	-	242	249	248	249
-	-	-	NA	NA	NA	NA
325	341	315	NA	NA	NA	NA
280	280	280	206	215	228	221
-	-	-	74	65	52	59
-	-	-	280	280	280	280
119	119	120	120	121	121	
399	399	400	400	401	401	280
7	7	7	7	7	7	7
181	177	181	187	190	196	209
13	13	13	14	14	14	15
56	56	63	63	76	76	78
15	17	17	17	17	21	20
71	73	80	80	93	97	98
142	136	134	133	136	143	143
809	773	786	784	802	820	821
160	160	160	160	145	145	145
869	869	869	869	869	887	887

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Single Audit Section

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*, THE TRANSPORTATION DEVELOPMENT ACT, AND CALIFORNIA GOVERNMENT CODE SECTION 8879.50

The Board of Directors of the
Golden Gate Bridge,
Highway and Transportation District
San Francisco, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained *in Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Enterprise Fund and Other Post-employment Benefits Trust Fund of the Golden Gate Bridge, Highway & Transportation District (District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 12, 2018. Our report included an emphasis-of-matter regarding the District's adoption of Government Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefit Plans Other than Pension Plans*, as of July 1, 2017.

Internal Control over Financial Reporting

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

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

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Section 6667 of Title 21 of the California Code of Regulations and California Government Code §8879.50 et seq., and the allocation instructions of Metropolitan Transportation Commission, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, Section 6667 of Title 21 of the California Code of Regulations, or the California Government Code §8879.50 et seq.

Purpose of this Report

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

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California
October 12, 2018

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Directors of the
Golden Gate Bridge,
Highway and Transportation District
San Francisco, California

Report on Compliance for Each Major Federal Program

We have audited the Golden Gate Bridge, Highway & Transportation District's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations,* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

260 Sheridan Ave., Suite 440, Palo Alto, CA 94306 P 650.462.0400 F 650.462.0500 W vtdcpa.com

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California
October, 12 2018

GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2018

Program Description	CFDA Number	Grant Identification Number	Federal Expenditures	Amount Passed to Subrecipients
U.S. DEPARTMENT OF TRANSPORTATION				
Highway Planning and Construction:				
Passed through California Department of Transportation				
Program supplement #002-M Seismic Retrofit Project- III #9102	20.205	CA-04-6003	$ 4,265,709	$ -
Program supplement #002-M Seismic Retrofit Project- II #9205	20.205	CA-04-6003	162,288	-
FY08 Larkspur Terminal Improvements (Flex) UPA	20.205	CA-70-X005	927,289	-
Larkspur Ferry Fuel System Improvements	20.205	CA-70-X015	78,643	-
FHWA Highway Bridge Program Suicide Deterrent Project (#1526)	20.205	Not available	6,316,613	-
Highway Bridge Program Seismic Wind Retrofit Project (#1528)	20.205	Not available	1,240,123	-
Subtotal			12,990,665	-
Federal Transit Cluster:				
Direct grants				
Federal Transit Capital Investment Grants				
FY2010 Marin Transit Bus Stop	20.500	CA-04-0187	35,307	35,307
FY2007 FG MOD	20.500	CA-05-0222	125,555	-
FY2009 FG MOD	20.500	CA-05-0231	43,026	-
Subtotal			203,888	35,307
Federal Transit Formula Grants:				
FY2008 Capital	20.507	CA-90-Y600	1,340,894	-
FY2010 Capital	20.507	CA-90-Y800	19,300	-
FY14 Purchase 23-45' Buses/TelCom	20.507	CA-90-Z127	28,651	-
FY2016 Capital	20.507	CA-2016-120	1,673,685	-
FY2007 Capital (Flex Funds)	20.507	CA-95-X024	67,277	-
FY2017 FHWA Transfer FY2007	20.507	CA-2017-162	264,171	-
Subtotal			3,393,978	-
Federal State of Good Repair				
FY2016 Capital	20.525	CA-2016-120	1,754,054	1,754,054
Subtotal			1,754,054	1,754,054
Subtotal - Federal Transit Cluster			5,351,920	1,789,361
Total from U.S. Department of Transportation			18,342,585	1,789,361
TOTAL EXPENDITURES OF FEDERAL AWARDS			**$ 18,342,585**	**$ 1,789,361**

See note to Schedule of Expenditures of Federal Awards.

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Golden Gate Bridge, Highway & Transportation District (the District). The District's reporting entity is defined in Note 1 of the District's financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies to the District are included in the accompanying schedule. The information is presented in accordance with the requirements in *Title 2 U.S. Code of Federal Regulations*, Part 200, U*niform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The District has not elected to use the ten percent de minimis indirect cost rate as allowed under the uniform guidance.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 2 of the District's financial statements.

Relationship to the Basic Financial Statements

Federal financial assistance is reported in the District's financial statements as Federal Operating Assistance and capital grants.

GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT

SUMMARY OF AUDITORS RESULTS
JUNE 30, 2018

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance	No

Identification of major programs:

Name of Federal Program or Cluster	CFDA Numbers
Federal Transit Cluster	20.500, 20.507, 20.525

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes

SUMMARY OF PRIOR YEAR'S FINDINGS

Financial statements	None
Federal awards	None