

# FINANCIAL REPORT

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**Report of Independent Auditors**


To the Commissioners  
Metropolitan Transportation Commission

In our opinion, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Metropolitan Transportation Commission (MTC) which collectively comprise MTC's basic financial statements, as listed in the table of contents, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the fiduciary fund activities, each major fund and the aggregate remaining fund information, at June 30, 2005 and 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended, and the respective budgetary comparison for the General Fund, AB 664 Net Toll Revenue Reserve Fund, and the State Transit Assistance Fund for the year ended June 30, 2005, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the MTC's management. Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits of these statements 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinions.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2005 on our consideration of MTC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants for the year ended June 30, 2005. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 2 through 13 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise MTC's basic financial statements. The supplemental schedules number 1 through 23 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

  
October 12, 2005

# **Metropolitan Transportation Commission**

## **Financial Statements for the years ended June 30, 2005 and 2004**

### **Management's Discussion and Analysis (unaudited)**

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#### **Management's Discussion and Analysis**

This section presents a discussion of the results of operations and financial performance of Metropolitan Transportation Commission (MTC), its blended component units, and fiduciary funds for the years ended June 30, 2005 and 2004.

Fiscal year 2005 was a year of improvement for MTC. MTC's general fund still incurred an operating deficit while there was a surplus in the MTC SAFE and BATA. The Bay Area economy improved from the previous year with the region's sales tax revenue showing an increase from the previous declining year. In addition to this positive increase, there were other highlights during the fiscal year as well. Several programs that made significant progress during this current year are as follows:

- MTC released its draft long-range transportation plan update, known as the Transportation 2030 Plan, concluding an eighteen-month public outreach and plan development period in November. The Commission adopted it in February 2005.
- BATA opened the FasTrak™ Regional Customer Service Center (RCSC) on May 30, 2005. This center merged the two centers previously operated by BATA and the Golden Gate Bridge Highway and Transportation District into a single facility under BATA. The number of FasTrak™ only lanes increased by five this year.
- 950 call boxes, managed under the MTC SAFE program, were removed this current year. The reason for this reduction is that many drivers rely on their cell phones for roadside assistance.
- The bridge toll for the seven state-owned bridges in the Bay Area increased by one dollar effective July 1, 2004. The Bay Area voters approved the Regional Measure 2 ballot in March 2004. This dollar is designated for a list of projects to reduce traffic congestion in the region. Allocations were made in the amount of \$6,878,000 for operating and \$242,731,000 for capital expenditures for this program for the year.
- MTC, along with BATA and MTC SAFE, purchased the second floor of the building it currently occupies to consolidate its operations back into one office with the planned return of the second satellite office in July 2005.
- The 511 Traveler Information Service recorded its five millionth call after its second full year of telephone and Web-based service.
- A marketing program succeeded in increasing electronic toll collections by allowing a discount to patrons with transponders for the first four months of the fiscal year. The number of vehicles using transponders comprised 32.1 percent of all paid vehicles in fiscal 2005 compared to 23.5 percent in fiscal 2004.

(Except as otherwise stated, all amounts described below are expressed in thousands of dollars – '000 removed)

#### **A. Financial Highlights**

Net assets continued to decrease in each of the last two years with a \$180,574 decrease for 2005 and a \$325,265 decrease for 2004. The decreases are primarily the result of planned project drawdowns in the BATA Regional Measure 1 (RM 1) program as further explained in section E of this discussion.

# **Metropolitan Transportation Commission**

## **Financial Statements for the years ended June 30, 2005 and 2004**

### **Management's Discussion and Analysis (unaudited), *continued***

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Net assets in the governmental funds increased \$5,650 or 3.7 percent for 2005 compared to a \$9,405 or 5.7 percent decrease for 2004 as reported under the accrual basis of accounting. Net assets in the governmental funds decreased for the last two years with a \$5,755 or 5.5 percent decrease for 2005 compared to a \$17,099 or 14.1 percent decrease for the year ended June 30, 2004 as reported under the modified accrual basis of accounting.

At June 30, 2005 fiscal year, the general fund unrestricted fund balances were \$3,556 or 6.5 percent of total general fund expenditures. The general fund unrestricted fund balances at June 30, 2004 fiscal year were \$4,133 or 7.5 percent of the total general fund expenditures. The unreserved general fund balance decreased by \$577 or 14.0 percent in fiscal 2005 mainly due to a decrease in restricted net assets of \$3,945 and an increase in capital expenditures of \$3,308.

#### **B. Overview of Government-Wide Financial Statements**

The government-wide financial statements provide an overview of MTC and its blended component units. The government-wide financial statements comprise a Statement of Net Assets, a Statement of Activities, and accompanying footnotes. The Statement of Net Assets presents information on the government-wide assets and liabilities of MTC at the end of the 2005 fiscal year. The difference between the assets and liabilities is reported as "Net Assets." The Statement of Activities presents government-wide information showing the change in net assets resulting from revenues earned and expenses incurred during the 2005 and 2004 fiscal years. All changes in net assets are recorded as revenues are earned and expenses are incurred, regardless of the timing of related cash flows.

The government-wide financial statements distinguish business-type activities, which recover a significant portion of costs from user fees or charges, from governmental activities that are principally supported by grants, contributions, taxes and intergovernmental sources.

MTC is composed of governmental and business-type funds. The governmental funds comprise the general fund and the special revenue funds. The business or proprietary funds are BATA and MTC SAFE. These funds are further described on note 1A to the financial statements.

The government-wide Statement of Net Assets and Statement of Activities are presented on pages 14-17 of this report with the accompanying footnotes being presented on pages 35-65.

#### **C. Overview of the Fund Financial Statements**

##### *i.) Governmental Funds*

Governmental funds are used to account for the MTC activities supported by grants, contributions, sales taxes, and intergovernmental revenue sources. These funds focus on the annual inflows and outflows of resources as well as on the balance of resources available to be spent at fiscal year-end rather than the longer term focus of governmental activities as seen in the government-wide financial statements. The governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison of governmental funds to governmental activities.

# **Metropolitan Transportation Commission**

## **Financial Statements for the years ended June 30, 2005 and 2004**

### **Management's Discussion and Analysis (unaudited), *continued***

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MTC's governmental funds include a general fund, two major special revenue funds, other minor special revenue funds and a capital projects fund. These funds are presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The general fund and two of these special revenue funds are considered to be major funds. The financial statements of the governmental funds, prepared under the modified accrual basis of accounting are on pages 18-21 of this report. A schedule detailing the other special revenue funds are included on page 70-71 of this report.

MTC adopts annual budgets for all funds. However, a comparison of budget-to-actual is required only for the governmental funds and is presented in these financial statements on pages 23-25 of this report.

#### *ii) Proprietary Funds*

Proprietary funds are used to report business-type activities. MTC has two proprietary funds, BATA and SAFE. These funds are presented as blended component units of MTC on the government-wide financial statements. BATA oversees the administration of toll collection and maintenance activities for the seven state-owned bridges in the San Francisco Bay Area, as well as administers the RM 1 and RM 2 capital improvement programs approved by the voters in 1988 and 2004, respectively. MTC SAFE administers a freeway motorist aid system providing tow truck and call box services to stranded motorists in the nine Bay Area counties.

The financial statements of the proprietary funds are prepared on an accrual basis and are on pages 26-33.

#### *iii) Fiduciary Funds*

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

MTC reports on two fiduciary funds, Transportation Development Act (TDA) and BART Half Cent Sales Tax (AB 1107) funds. Revenue for each of these funds are derived from sales tax revenues. The revenues for the TDA fund are deposited with the respective treasurer in each of the nine counties in the region. The revenues for the AB 1107 fund are deposited with the State of California. MTC has administrative oversight for the allocation of these funds.

The fiduciary funds financial statements are presented on page 34 of this report.

#### **D. Notes to the Financial Statements**

The notes to the financial statements, beginning on page 35, provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2005 and 2004**  
**Management's Discussion and Analysis (unaudited), *continued***

**E. Government-Wide Financial Analysis**

Total government-wide liabilities exceeded assets for fiscal 2005 by \$169,440 and government-wide assets exceeded liabilities by \$11,134 for fiscal 2004 as illustrated in the following table. This represents a decrease in net assets for fiscal 2005 of \$180,574 and a decrease of \$325,265 for fiscal 2004.

*i.) Statement of Net Assets*

The following table shows the MTC's government-wide statements of net assets for the last 3 years:

Metropolitan Transportation Commission's Changes in Net Assets (\$000)									
	Governmental			Business Type			Total		
	Activities			Activities					
	2005	2004	2003	2005	2004	2003	2005	2004	2003
Cash and investments	\$ 99,547	\$ 105,502	\$ 116,771	\$ 738,684	\$ 623,333	\$ 863,450	\$ 838,231	\$ 728,835	\$ 980,221
Receivables	20,720	13,248	29,318	13,014	18,866	37,636	33,734	32,114	66,954
Other assets	505	467	508	12,377	8,060	8,414	12,882	8,527	8,922
Loan to other agencies	56,090	47,810	39,935	-	4,400	2,003	56,090	52,210	41,938
Capital assets	6,051	2,945	3,146	4,750	1,741	2,137	10,801	4,686	5,283
Total assets	182,913	169,972	189,678	768,825	656,400	913,640	951,738	826,372	1,103,318
Long term debt, net		-	-	1,001,077	701,161	701,245	1,001,077	701,161	701,245
Other Liabilities	22,616	15,325	25,626	97,485	98,752	40,048	120,101	114,077	65,674
Total liabilities	22,616	15,325	25,626	1,098,562	799,913	741,293	1,121,178	815,238	766,919
Net assets:									
Invested in capital assets,									
net of related debt	6,051	2,946	3,146	4,895	1,886	2,137	10,946	4,832	5,283
Restricted	104,451	116,532	123,857	257,670	175,000	130,000	362,121	291,532	253,857
Unrestricted	49,795	35,169	37,049	(592,302)	(320,399)	40,210	(542,507)	(285,230)	77,259
Total net assets/ (deficit)	\$ 160,297	\$ 154,647	\$ 164,052	\$ (329,737)	\$ (143,513)	\$ 172,347	\$ (169,440)	\$ 11,134	\$ 336,399

The increase in long-term debt of \$300,000 for fiscal 2005 is due to a bond issuance in October 2004 for the 2004 Series Toll Revenue Bonds.

Total government-wide net assets decreased by \$180,574 for fiscal 2005 and decreased by \$325,265 for fiscal 2004. Most of the decrease for both years comes from the drawdowns for the RM 1 program under the BATA operations in the business type activities. The restricted net assets increased in fiscal 2005 by \$70,589 or 24.2 percent compared to \$37,675 or 14.8 percent for fiscal 2004. The 2005 increase is due to restricted assets for the Regional Measure 2 (RM 2) program. Senate Bill (SB) 916 requires the net assets of the RM 2 program be restricted for those purposes. The total unrestricted net assets for fiscal 2005 decreased by \$257,277 or 90.2 percent and decreased by \$362,489 or 469.2 percent for fiscal 2004. These decreases are again due to the BATA operations. The decrease for fiscal 2005 was less than the fiscal 2004 decrease due to the \$300,000 bond issuance in fiscal 2005.

BATA is the financing arm for the Regional Measure 1 program. Under RM 1, BATA provides financing for construction work on bridges owned by Caltrans. To date, the debt issued for this work is \$1,000,000. The cash proceeds from this debt are used to reimburse Caltrans for capital construction costs. Since the bridges are not capitalized under BATA, title remains with Caltrans, so the combination of distributions to Caltrans and increased debt to pay for project expenditures create a negative asset. BATA does not have sufficient current resources on hand to fund current and long-

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2005 and 2004**  
**Management's Discussion and Analysis (unaudited), *continued***

term liabilities. However, future toll revenues are pledged to cover debt service payments when made. This information is more fully disclosed in note 2 on page 45 of this report. At June 2005, MTC reported positive balances in all categories of net assets under governmental activities. The same was true for the 2004 year.

ii) Statement of Activities

MTC's net assets for governmental activities increased the last year by \$5,650 or 3.7 percent for fiscal 2005 and a decrease of \$9,405 or 5.7 percent for fiscal 2004. A breakdown of this activity is illustrated in the table below:

	Metropolitan Transportation Commission's Changes in Net Assets (\$000)								
	Governmental			Business Type			Total		
	Activities			Activities					
	2005	2004	2003	2005	2004	2003	2005	2004	2003
Revenues:									
Program revenues:									
Charges for services	\$ -	\$ -	\$ -	\$ 256,466	\$ 152,937	\$ 151,914	\$ 256,466	\$ 152,937	\$ 151,914
Operating grants and contributions	50,165	49,974	48,068	8,129	6,718	7,074	58,294	56,692	55,142
Capital grants and contributions	44,957	42,344	72,345	-	-	-	44,957	42,344	72,345
General revenues:									
Investments earnings	2,791	1,090	1,764	21,747	11,185	25,793	24,538	12,275	27,557
Total revenues	97,913	93,408	122,177	286,342	170,840	184,781	384,255	264,248	306,958
Expenses:									
General government	47,452	47,238	48,571	-	-	-	47,452	47,238	48,571
Allocations to other agencies	71,885	81,873	105,152	-	-	-	71,885	81,873	105,152
Toll bridge activities	-	-	-	433,703	451,930	390,063	433,703	451,930	390,063
Congestion relief	-	-	-	11,789	10,869	10,376	11,789	10,869	10,376
Total expenses	119,337	129,111	153,723	445,492	462,799	400,439	564,829	591,910	554,162
Decrease in net assets before transfers	(21,424)	(35,703)	(31,546)	(159,150)	(291,959)	(215,658)	(180,574)	(327,662)	(247,204)
Transfers in (out)	27,074	26,298	27,250	(27,074)	(26,298)	(27,250)	-	-	-
Contributed capital	-	-	-	-	2,397	-	-	2,397	-
Increase (decrease) in net assets	5,650	(9,405)	(4,296)	(186,224)	(315,860)	(242,908)	(180,574)	(325,265)	(247,204)
Net assets (deficit), Beginning	154,647	164,052	168,348	(143,513)	172,347	415,255	11,134	336,399	583,603
Net assets (deficit), Ending	\$ 160,297	\$ 154,647	\$ 164,052	\$ (329,737)	\$ (143,513)	\$ 172,347	\$ (169,440)	\$ 11,134	\$ 336,399

Charges for services program revenue increased by \$103,529 for 2005 and had a nominal increase of \$1,023 in fiscal 2004. The fiscal 2005 increase is due to the voter approved one-dollar increase in toll revenue as further explained in section F of this discussion.

Capital grants and contributions revenue increased in fiscal 2005 by \$2,613 or 6.2 percent compared to a decrease in fiscal 2004 of \$30,001 or 41.5 percent. The large decrease in 2004 is mainly due to the Regional Express Bus Program. The revenue in fiscal 2004 for this program was \$3,980 compared to \$34,952 for fiscal 2003 as this \$40,000 program nears completion.

Investment earnings increased in fiscal 2005 by \$12,263 or 99.9 percent and decreased by \$15,282 or 55.5 percent in fiscal year 2004. The fiscal 2005 increase was due to two factors – interest earnings and an unrealized gain on the revaluation of investments. There was an unrealized gain on revaluation of investments of \$2,019 from an unrealized loss on revaluation of \$7,680 for fiscal 2004. Also, interest earnings in 2005 were higher by \$2,564. Fiscal 2004 had an increase in unrealized loss on investments of \$7,781 and a decrease in interest earnings of \$7,501.

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2005 and 2004**  
**Management's Discussion and Analysis (unaudited), *continued***

Allocations to other agencies decreased by \$9,988 or 12.2 percent in fiscal 2005 compared to a decrease in fiscal 2004 of \$23,279 or 22.1 percent. The decrease in 2005 is primarily due to a decrease in allocations from the AB 664 fund. The fiscal 2004 decrease is mainly due to allocations expense in two funds. Allocations expense increased for the AB 664 fund by \$13,271 and the STA fund had a decrease of \$ 30,972 for the Regional Express Bus program.

Toll bridge activities decreased by \$18,227 or 14.0 percent versus an increase of \$61,867 or 15.9 percent in fiscal 2004. The fiscal 2004 toll bridge activities increase is due primarily to interest expense and capital and operating expenses incurred by Caltrans.

**F. Financial Analysis of Business-Type Activities**

The following table shows the results of operations for the last three years.

<u>Business-Type Funds (\$000)</u>			
	2005	2004	2003
<b>Revenues:</b>			
Toll revenues collected by Caltrans	\$ 248,141	\$ 145,176	\$ 144,200
Other operating revenues	8,325	7,960	7,734
Total revenues	256,466	153,136	151,934
<b>Operating expenses:</b>			
Operating expenses incurred by Caltrans	37,582	44,456	35,717
Other operating expenses	35,397	14,442	13,495
Total operating expenses	72,979	58,898	49,212
Operating income/(loss)	183,487	94,238	102,722
<b>Non-operating revenues/(expenses)</b>			
Interest income	21,747	11,185	25,697
Interest expense	(35,374)	(26,663)	(20,441)
Other	8,130	6,518	7,150
	(5,497)	(8,960)	12,406
Income before operating and capital transfers	177,990	85,278	115,128
Transfers	(27,074)	(26,298)	(27,250)
Net income before capital transfers	150,916	58,980	87,878
Distributions/Contributions	(337,140)	(377,237)	(330,786)
Net assets before capital contribution	(186,224)	(318,257)	(242,908)
Contributed capital	-	2,397	-
Change in net assets	(186,224)	(315,860)	(242,908)
Total net assets/ (deficit) - beginning	(143,513)	172,347	415,255
Total net assets/ (deficit) - ending	\$ (329,737)	\$ (143,513)	\$ 172,347

Toll revenue for the seven bridges increased the last two years. It increased by \$102,965 or 70.9 percent in fiscal 2005 compared to \$976 or 0.7 percent in fiscal 2004. The large increase for fiscal 2005 is due to the voter approved one-dollar toll increase effective July 2004. This additional dollar of toll revenue generated \$107,481 of toll revenue for the RM 2 program. If this additional dollar of toll revenue were



**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2005 and 2004**  
**Management's Discussion and Analysis (unaudited), *continued***

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excluded, toll revenue for fiscal 2005 would decrease by \$4,516 compared with an increase for fiscal 2004 of \$976. The number of paid toll vehicles for all seven bridges decreased in fiscal 2005 from fiscal 2004. Detailed traffic counts are shown on schedules 10–17.

Operating expenses incurred by Caltrans decreased by \$6,874 or 15.5 percent in fiscal 2005. The increase for the fiscal year 2004 was \$8,739 or 25.5 percent. The decrease in 2005 includes a reduction of Advanced Toll Collection Accounting System (ATCAS)/Electronic Toll Collection (ETC) costs of \$6,281 incurred by Caltrans. This responsibility transferred to BATA in fiscal 2005. The reduction of ETC expenses incurred by Caltrans is offset by an increase in other operating expense as these costs are now incurred by BATA. The increase in fiscal 2004 was due to several cost factors. Caltrans had to pay overtime to toll collectors due to a hiring freeze by the state. Maintenance costs increased due to the warranty expiring on the prior Caltrans operated ETC center. Other operating expenses increased in fiscal 2005 by \$20,955 or 145.1 percent compared with fiscal 2004 increase of \$947 or 7.0 percent. The large increase in fiscal 2005 includes several expenses. It includes the new RM 2 allocation expenses of \$6,818, operating costs from the FasTrak™ center of \$6,980, and fees reimbursed to the counties for the election costs associated with the RM 2 measure of \$3,860.

Investment income increased this past year by \$10,562 or 94.4 percent and decreased by \$14,512 or 56.5 percent for fiscal 2004. The increase of \$10,562 for 2005 comes mainly from an unrealized gain on revaluation of investments in fiscal 2005 of \$1,856 and a loss on revaluation of investments in fiscal 2004 of \$7,540. This loss on revaluation of investments in fiscal 2004 coupled with a decrease in interest income from investments of \$5,640 is attributable to the fiscal 2004 decrease of \$14,512.

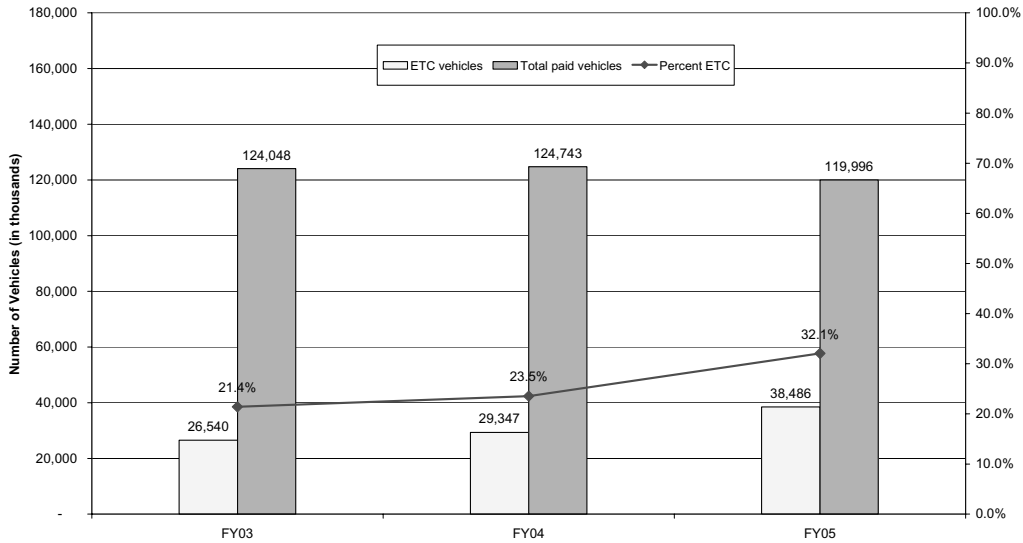
Interest expense increased the last two years by \$8,711 or 32.7 percent for fiscal 2005 and by \$6,222 or 30.4 percent for fiscal 2004. The fiscal 2005 increase is due primarily to the interest expense for the 2004 Series bonds issued in October 2004. Interest expense on this 2004 Series was \$7,761. The fiscal 2004 increase is due primarily to the interest expense for the Series 2003 bonds. The interest expense in fiscal 2004 for the Series 2003 bonds was \$9,486 for twelve months compared with \$3,288 in fiscal 2003 for four months.

Revenue collections from the FasTrak™ electronic toll program are increasing. Electronic toll revenue for the total number of paid vehicles comprised 32.1 percent of the total paid vehicles in fiscal 2005 compared to 23.5 percent in fiscal 2004 and 21.4 percent for fiscal 2003. The larger increase in fiscal 2005 is due to a marketing program that discounted the toll for the first four months to encourage patrons to get transponders. The graph on the next page illustrates the increase in ETC usage for the last three years.

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2005 and 2004**  
**Management's Discussion and Analysis (unaudited), *continued***

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**ETC Usage by Fiscal Year**



**G. Financial Analysis of Governmental Activities**

The fund balance of the MTC governmental funds was \$98,172 and \$103,928 for fiscal years 2005 and 2004 respectively, as reported under the modified accrual basis of accounting. The fund balance includes reserved and unreserved funds. Of the fund balance, an amount of \$46,297 is reserved for encumbrances for fiscal 2005 and \$51,490 for fiscal 2004. A reserve of \$35,032 and \$31,072 for fiscal 2005 and 2004, respectively, is to be used for purposes specific to the special revenue funds. An amount of \$13,288 of the fund balance for 2005 and \$17,233 for 2004 has been reserved for specific Commission or other legal purposes. The remaining balance of \$3,556 for 2005 and \$4,133 for 2004 represents unreserved funds available for appropriation at the government's discretion.

The following table illustrates the revenues and expenditures for the past two fiscal years. Refer to page 22 for reconciliation between the governmental funds to the Statement of Activities.

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2005 and 2004**  
**Management's Discussion and Analysis (unaudited), *continued***

	<u>Governmental Funds (\$000)</u>		
	2005	2004	2003
<b>Revenues:</b>			
Sales taxes	\$ 9,562	\$ 9,088	\$ 8,903
Grants- Federal	32,568	30,979	28,129
Grants- State and other agencies	52,993	52,251	83,381
Investment income	2,790	1,090	1,764
Total revenues	97,913	93,408	122,177
<b>Expenditures:</b>			
<b>Current:</b>			
General government	39,018	44,958	48,211
Allocations to other agencies	81,185	91,681	112,648
Capital outlay	10,540	166	56
Total expenditures	130,743	136,805	160,915
Transfers in	27,074	26,298	27,250
Net change in fund balance	(5,756)	(17,099)	(11,488)
Fund balance - beginning	103,928	121,027	132,515
Fund balance - ending	\$ 98,172	\$ 103,928	\$ 121,027

MTC's sales tax revenue increased for the second straight year after two declining years. The increase for fiscal 2005 was \$474 or 5.2 percent and fiscal 2004 had an increase of \$185 or 2.1 percent. The increase in state and other agencies revenue for fiscal 2005 was almost flat at \$742 or 1.4 percent. The decrease was \$31,130 or 37.3 percent for fiscal 2004. Most of the increase in fiscal 2004 was attributable to the forty million dollar Express Bus Program with revenue of \$34,952. Investment income increased in fiscal 2005 due to higher interest rates.

Total expenditures decreased in fiscal 2005 by \$6,062 or 4.4 percent and decreased in fiscal 2004 by \$24,110 or 15.0 percent. The decrease in fiscal 2005 was due mainly to decrease in professional fees. Allocations to other agencies decreased in 2005 by \$10,496 or 11.4 percent due mainly to a decrease in allocations expense from the AB 664 net toll revenue fund. The decrease for fiscal 2004 of \$20,967 or 18.6 percent was due primarily to two programs. First, allocations to other agencies decreased in fiscal 2004 by \$30,972 for the Express Bus Program. Second, the AB 664 fund had an increase in allocations to other agencies of \$13,271.

The increase in capital outlay for fiscal 2005 is due to the second floor purchase and the building improvements and \$7,065 from the TransLink<sup>®</sup> project included in the capital projects fund.

Unreserved fund balances covered the deficits for fiscal years 2005 and 2004.

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2005 and 2004**  
**Management's Discussion and Analysis (unaudited), *continued***

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**H. General Fund**

The final fiscal year 2005 general fund revenue budget for MTC for the year was \$58,405, an increase of \$18,667 over the original budget adopted on July 1, 2004.

The following provides a condensed view of the final budgeted results compared to actual results for the year ended June 30, 2005.

	<u>General Fund Budget</u>			
	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues	\$ 39,738	\$ 58,405	\$ 41,204	\$ (17,201)
Expenditures	43,942	70,937	51,789	19,148
Excess/(Deficiency)	(4,204)	(12,532)	(10,585)	1,947
Transfer in	4,204	5,037	5,344	307
Net change in fund balance	-	(7,495)	(5,241)	2,254
Fund balance - beginning	24,443	24,443	24,443	-
Fund balance - ending	\$ 24,443	\$ 16,948	\$ 19,202	\$ 2,254

The principal reason for the increase in the final budget from the adopted budget was due to a carryover of prior year funding. The expenditures in the final budget increased over the adopted budget due to prior year encumbrances being brought forward.

MTC's federal and state funding sources are on a reimbursement basis so it is not unusual for revenue to lag behind the budget. Expenditures were also well below budget, with a net deficit of \$5,241 after transfers.

Actual expenditures are lower than budget as not all the programs budgeted were completed by yearend.

The general fund's fund balance decreased by \$5,241 at June 30, 2005 due to an increase in general government expenditures.

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2005 and 2004**  
**Management's Discussion and Analysis (unaudited), *continued***

**I. Fiduciary Funds**

The following table illustrates the results of the fiduciary funds for the past three fiscal years.

	Fiduciary Funds (\$000)					
	TDA Fund		2003	AB1107 Fund		
	2005	2004		2005	2004	2003
Additions:						
Local Transportation Fund	\$ 273,187	\$ 259,643	\$ 254,381	\$ -	\$ -	\$ -
AB 1107 Fees	-	-	-	59,379	56,937	55,819
Investment Income	1,604	1,326	1,908	69	126	121
Total Revenues	274,791	260,969	256,289	59,448	57,063	55,940
Deductions:						
Allocations	251,196	247,706	231,734	59,458	57,053	64,820
Administrative Expenses	10,003	9,889	9,712	-	-	-
Total Expenditures	261,199	257,595	241,446	59,458	57,053	64,820
Net of Additions over (under)						
Deductions	\$ 13,592	\$ 3,374	\$ 14,843	\$ (10)	\$ 10	\$ (8,880)

The region's sales tax revenue increased for the second year after two years of decline following the record sales tax revenue in 2001. All nine counties experienced an increase in sales tax revenue from the prior year. Four of the counties recorded record high sales tax revenue and two counties recorded the second highest gain after the record 2001 fiscal year. The sales tax revenue increased by \$13,544 or 5.2 percent increase in fiscal 2005 year as compared with \$5,262 or 2.1 percent increase for the fiscal 2004 year. Allocations expense for fiscal 2005 increased by \$3,490 or 1.4 percent compared with a higher increase in fiscal 2004 of \$15,972 or 6.9 percent. Detailed information for the fiduciary funds is shown on Schedules 18 - 19 of this report. Sales tax revenue for the AB 1107 fund increased by \$2,442 or 4.3 percent in fiscal 2005 compared to an increase of \$1,118 or 2.0 percent from fiscal 2004.

**J. Capital Asset Administration**

MTC's investment in capital assets for all funds, governmental and proprietary, is \$10,801 for fiscal 2005 and \$4,686 for fiscal 2004 as reported under the accrual basis of accounting. The second floor office space was purchased at the end of the fiscal year by MTC, MTC SAFE, and BATA for a combined total of \$5,387, including improvements. Equipment costs for the new ETC Center were capitalized for \$1,402. Nine hundred fifty call boxes were removed due to higher usage of cell phones, with a net book value of \$111. Assets relating to the seven state-owned bridges administered by BATA are recorded with Caltrans.

Additional information on MTC's capital assets is disclosed in note 4 on pages 51-52 of this report.

**K. Long-Term Debt Administration**

The only long-term debt issued by MTC is \$1.0 billion (actual dollars) in bridge toll revenue bonds issued by BATA as part of its \$2.1 billion (actual dollars) RM 1 bridge construction and rehabilitation program.

# **Metropolitan Transportation Commission**

## **Financial Statements for the years ended June 30, 2005 and 2004**

### **Management's Discussion and Analysis (unaudited), *continued***

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In August 2004, BATA completed a contract with Ambac Financial Services to swap a future \$300 million floating rate issue to a synthetic fixed rate. The \$300 million (actual dollars) in variable rate demand obligation (VRDO) bonds were subsequently issued in October 2004. BATA will pay a fixed payment of 3.4155 percent and receive a floating rate payment based on 54 percent of the weekly LIBOR index and 54 basis points. The transaction is insured against default, for BATA, and the counter-party, by Ambac Assurance Corporation.

BATA maintains long-term and short-term ratings from Standard & Poor's, Fitch Ratings, as well as Moody's Investors Services. At June 30, 2005, the long-term ratings are:

Standard & Poor's	AA/A1
Moody's	Aa3
Fitch	AA-/F1+

In addition, the 2001, 2003, and 2004 variable rate demand bonds carry the AAA /Aaa /AAA ratings of Standard & Poor's, Moody's and Fitch respectively by virtue of the insurance policy underwritten by AMBAC Assurance.

Additional information on MTC's long-term debt can be found in note 5 on pages 52-58 of this report.

#### **L. Economic Factors Impacting MTC**

The Bay Area economy still continues to lag behind the national economy according to a report from the Association of Bay Area Governments. However, income is expected to grow slightly more than inflation. Inflation is not expected to grow rapidly with the softening in the energy markets and available labor force. General factors include:

- Expect slow to moderate job growth to occur in 2005 and 2006.
- There was a 5.2 percent increase in sales tax revenue. Region-wide sales tax revenue increased for the second straight year after two straight declining years. Sales tax revenue for fiscal 2005 increased in all nine counties. First quarter 2006 sales tax revenue appear higher than 2005.
- MTC faces reauthorization of TEA 21 (renamed SAFETEA), which will increase its federal funding level to MTC. This reauthorization bill was passed in July 2005 after several rounds of delays and postponements. This will mean an increase in federal funding to MTC for 2006.

#### **Requests for information**

This financial report is designed to provide a general overview of the Metropolitan Transportation Commission's financial position for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Metropolitan Transportation Commission, 101 8<sup>th</sup> Street, Oakland, CA 94607.

**Metropolitan Transportation Commission**  
**Statement of Net Assets**  
**June 30, 2005**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents - unrestricted	\$ 74,458,997	\$ 296,868,132	\$ 371,327,129
Cash and cash equivalents - restricted	1,055,366	34,401,887	35,457,253
Investments - unrestricted	24,033,072	232,413,620	256,446,692
Investments - restricted	-	175,000,000	175,000,000
Receivables:			
Accounts and tolls due	32,954	2,835,775	2,868,729
Interest	187,498	3,368,002	3,555,500
State funding	10,163,074	2,751,431	12,914,505
Federal funding	9,547,671	92,275	9,639,946
Maintenance funding	-	3,966,913	3,966,913
Indirect cost recovery	789,232	-	789,232
Prepaid items	504,944	328,293	833,237
Bond issuance costs	-	12,048,163	12,048,163
Loans to other agencies	56,090,000	-	56,090,000
Capital assets (net of accumulated depreciation)	6,050,609	4,750,312	10,800,921
<b>Total assets</b>	<b>182,913,417</b>	<b>768,824,803</b>	<b>951,738,220</b>
<b>Liabilities</b>			
Accounts payable	18,196,148	10,620,945	28,817,093
Accrued liabilities	808,781	3,874,532	4,683,313
Deferred revenue	-	20,909,956	20,909,956
Due to / (from) other funds	1,560,061	(1,560,061)	-
Due to Caltrans	-	63,639,738	63,639,738
Noncurrent liabilities:			
Due within one year	918,252	5,785,000	6,703,252
Due in more than one year	1,133,165	995,292,069	996,425,234
<b>Total liabilities</b>	<b>22,616,407</b>	<b>1,098,562,179</b>	<b>1,121,178,586</b>
<b>Net Assets / (Deficit)</b>			
Invested in capital assets, net of related debt	6,050,609	4,895,382	10,945,991
Restricted for:			
Capital projects	46,297,108	-	46,297,108
Other purposes	58,154,008	257,670,228	315,824,236
Unrestricted	49,795,285	(592,302,986)	(542,507,701)
<b>Total net assets / (deficit)</b>	<b>\$ 160,297,010</b>	<b>\$(329,737,376)</b>	<b>\$ (169,440,366)</b>

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

**Metropolitan Transportation Commission**  
**Statement of Net Assets**  
**June 30, 2004**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents - unrestricted	\$ 94,246,939	\$ 235,335,220	\$ 329,582,159
Cash and cash equivalents - restricted	1,126,154	-	1,126,154
Investments - unrestricted	10,128,859	212,998,032	223,126,891
Investments - restricted	-	175,000,000	175,000,000
Receivables:			
Accounts and tolls due	17,934	8,581,367	8,599,301
Interest	82,798	4,107,673	4,190,471
State funding	3,399,493	2,209,916	5,609,409
Federal funding	8,454,523	-	8,454,523
Maintenance funding	-	3,966,913	3,966,913
Indirect cost recovery	1,293,297	-	1,293,297
Prepaid items	465,821	394,946	860,767
Bond issuance costs	-	7,665,109	7,665,109
Loans to other agencies	47,810,000	4,400,000	52,210,000
Capital assets (net of accumulated depreciation)	2,945,486	1,740,928	4,686,414
<b>Total assets</b>	<b>169,971,304</b>	<b>656,400,104</b>	<b>826,371,408</b>
<b>Liabilities</b>			
Accounts payable	12,035,980	2,069,258	14,105,238
Accrued liabilities	2,330,613	3,994,104	6,324,717
Due to/(from) other funds	(145,915)	145,915	-
Due to Caltrans	1,067,543	92,542,967	93,610,510
Noncurrent liabilities:			
Long-term capital leases:			
Due within one year	21,463	-	21,463
Due in more than one year	14,982	-	14,982
Long-term debt, net	-	701,160,994	701,160,994
<b>Total liabilities</b>	<b>15,324,666</b>	<b>799,913,238</b>	<b>815,237,904</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	2,945,486	1,885,998	4,831,484
Restricted for:			
Capital projects	51,489,473	-	51,489,473
Other purposes	65,042,525	175,000,000	240,042,525
Unrestricted	35,169,154	(320,399,132)	(285,229,978)
<b>Total net assets / (deficit)</b>	<b>\$ 154,646,638</b>	<b>\$(143,513,134)</b>	<b>\$ 11,133,504</b>

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



**Metropolitan Transportation Commission**  
**Statement of Activities**  
**For the Year Ended June 30, 2005**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues	Governmental Activities	Business-type Activities	Total
<b>Functions</b>								
<i>Governmental Activities:</i>								
General government	\$ 47,451,629	\$ -	\$ 47,782,474	\$ -	\$ 47,782,474	\$ 330,845	\$ -	\$ 330,845
Transportation	71,885,313	-	2,382,018	44,957,468	47,339,486	(24,545,827)	-	(24,545,827)
Total governmental activities	119,336,942	-	50,164,492	44,957,468	95,121,960	(24,214,982)	-	(24,214,982)
<i>Business-type Activities:</i>								
Toll bridge activities	433,703,072	250,570,794	1,660,121	-	252,230,915	-	(181,472,157)	(181,472,157)
Congestion relief	11,788,922	5,895,417	6,469,285	-	12,364,702	-	575,780	575,780
Total business-type activities	445,491,994	256,466,211	8,129,406	-	264,595,617	-	(180,896,377)	(180,896,377)
Total primary government	\$ 564,828,936	\$ 256,466,211	\$ 58,293,898	\$ 44,957,468	\$ 359,717,577	(24,214,982)	(180,896,377)	(205,111,359)
General revenues:								
Unrestricted investment earnings						2,790,946	21,746,543	24,537,489
Transfers						27,074,408	(27,074,408)	-
Total general revenues and transfers						29,865,354	(5,327,865)	24,537,489
<b>Change in net assets</b>						5,650,372	(186,224,242)	(180,573,870)
<b>Net assets / (deficit) - beginning</b>						154,646,638	(143,513,134)	11,133,504
<b>Net assets / (deficit) - ending</b>						\$ 160,297,010	\$(329,737,376)	\$(169,440,366)

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

**Metropolitan Transportation Commission**  
**Statement of Activities**  
**For the Year Ended June 30, 2004**

	Expenses		Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues	Governmental Activities	Business-type Activities	Total
<b>Functions</b>									
<i>Governmental Activities:</i>									
General government	\$ 47,237,837	-	\$ 46,497,074	\$ -	\$ 46,497,074	\$ (740,763)	\$ -	\$ (740,763)	
Transportation	81,873,193	-	3,476,702	42,343,900	45,820,602	(36,052,591)	-	(36,052,591)	
Total governmental activities	129,111,030	-	49,973,776	42,343,900	92,317,676	(36,793,354)	-	(36,793,354)	
<i>Business-type Activities:</i>									
Toll bridge activities	451,929,596	147,097,872	478,047	-	147,575,919	-	(304,353,677)	(304,353,677)	
Congestion relief	10,869,417	5,839,026	6,239,872	-	12,078,898	-	1,209,481	1,209,481	
Total business-type activities	462,799,013	152,936,898	6,717,919	-	159,654,817	-	(303,144,196)	(303,144,196)	
Total primary government	\$ 591,910,043	\$ 152,936,898	\$ 56,691,695	\$ 42,343,900	\$ 251,972,493	(36,793,354)	(303,144,196)	(339,937,550)	
General revenues:									
Unrestricted investment earnings						1,089,784	11,184,788	12,274,572	
Contributed capital						-	2,397,067	2,397,067	
Transfers						26,297,739	(26,297,739)	-	
Total general revenues and transfers						27,387,523	(12,715,884)	14,671,639	
<b>Change in net assets</b>						(9,405,831)	(315,860,080)	(325,265,911)	
<b>Net assets / (deficit) - beginning</b>						164,052,469	172,346,946	336,399,415	
<b>Net assets / (deficit) - ending</b>						\$ 154,646,638	\$(143,513,134)	\$ 11,133,504	

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

**Metropolitan Transportation Commission**  
**Balance Sheet – Governmental Funds**  
**June 30, 2005**

	General	AB 664 Net Toll Revenue Reserve	STA	Other Governmental Funds	Capital Projects	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents - unrestricted	\$ 17,181,001	\$ 12,185,083	\$ 27,607,731	\$ 17,485,182	\$ -	\$ 74,458,997
Cash and cash equivalents - restricted	1,055,366	-	-	-	-	1,055,366
Investments - unrestricted	180,072	23,853,000	-	-	-	24,033,072
Receivables:						
Accounts	32,954	-	-	-	-	32,954
Interest	1,280	125,531	60,000	687	-	187,498
State funding	1,790,331	-	8,372,743	-	-	10,163,074
Federal funding	8,718,874	-	-	-	828,797	9,547,671
Indirect cost recovery	789,232	-	-	-	-	789,232
Prepaid items	504,944	-	-	-	-	504,944
<b>Total assets</b>	<b>\$ 30,254,054</b>	<b>\$ 36,163,614</b>	<b>\$ 36,040,474</b>	<b>\$ 17,485,869</b>	<b>\$ 828,797</b>	<b>\$ 120,772,808</b>
<b>Liabilities and fund balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 7,420,253	\$ 2,250,505	\$ 7,863,801	\$ 463,177	\$ 198,412	\$ 18,196,148
Accrued liabilities	2,844,222	-	-	-	-	2,844,222
Due to other funds	787,101	-	52,807	188,708	531,445	1,560,061
<b>Total liabilities</b>	<b>11,051,576</b>	<b>2,250,505</b>	<b>7,916,608</b>	<b>651,885</b>	<b>729,857</b>	<b>22,600,431</b>
<b>Fund balances</b>						
Reserved for						
Capital Projects	2,358,864	32,082,794	3,261,560	8,494,950	98,940	46,297,108
Other	13,287,752	-	-	-	-	13,287,752
Unreserved, reported in						
General fund	3,555,862	-	-	-	-	3,555,862
Special revenue funds	-	1,830,315	24,862,306	8,339,034	-	35,031,655
<b>Total fund balances</b>	<b>19,202,478</b>	<b>33,913,109</b>	<b>28,123,866</b>	<b>16,833,984</b>	<b>98,940</b>	<b>98,172,377</b>
<b>Total liabilities and fund balances</b>	<b>\$ 30,254,054</b>	<b>\$ 36,163,614</b>	<b>\$ 36,040,474</b>	<b>\$ 17,485,869</b>	<b>\$ 828,797</b>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	6,050,609
Capital leases are not due and payable in the current period and therefore are not reported in the funds	(15,976)
Other long-term assets are not available for current-period expenditures and, therefore, are deferred in the funds	56,090,000
<b>Net assets of governmental activities</b>	<b>\$ 160,297,010</b>

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

**Metropolitan Transportation Commission**  
**Balance Sheet – Governmental Funds**  
**June 30, 2004**

	General	Transit Reserve	Rail Extension Reserve	Toll Revenue Reserve	Exchange	STA	Feeder Bus	Governmental Funds
<b>Assets</b>								
Cash and cash equivalents - unrestricted	\$ 19,518,183	\$ 2,357,111	\$ 4,673,670	\$ 28,417,487	\$ 12,676,039	\$ 26,582,920	\$ 21,529	\$ 94,246,939
Cash and cash equivalents - restricted	1,126,154	-	-	-	-	-	-	1,126,154
Investments	176,859	-	-	9,952,000	-	-	-	10,128,859
Receivables:								
Accounts	17,934	-	-	-	-	-	-	17,934
Interest	633	-	100	32,065	-	50,000	-	82,798
State Funding	3,399,493	-	-	-	-	-	-	3,399,493
Federal Funding	8,454,523	-	-	-	-	-	-	8,454,523
Indirect cost recovery	1,293,297	-	-	-	-	-	-	1,293,297
Prepaid items	465,821	-	-	-	-	-	-	465,821
<b>Total assets</b>	<b>\$ 34,452,897</b>	<b>\$ 2,357,111</b>	<b>\$ 4,673,770</b>	<b>\$ 38,401,552</b>	<b>\$ 12,676,039</b>	<b>\$ 26,632,920</b>	<b>\$ 21,529</b>	<b>\$ 119,215,818</b>
<b>Liabilities and fund balances</b>								
<b>Liabilities</b>								
Accounts Payable	\$ 8,285,495	\$ 64,943	\$ -	\$ 4,543,202	\$ 74,959	\$ 134,924	\$ -	\$ 13,103,523
Accruals	2,188,600	-	200	51,408	-	90,405	-	2,330,613
Due to other funds	(463,700)	10,243	(72,091)	(26,954)	361,491	45,096	-	(145,915)
<b>Total liabilities</b>	<b>10,010,395</b>	<b>75,186</b>	<b>(71,891)</b>	<b>4,567,656</b>	<b>436,450</b>	<b>270,425</b>	<b>-</b>	<b>15,288,221</b>
<b>Fund balances</b>								
<b>Reserved for</b>								
Capital Projects	3,076,847	2,143,967	1,284,194	32,240,097	7,932,966	4,811,402	-	51,489,473
Other	17,232,525	-	-	-	-	-	-	17,232,525
<b>Unreserved, reported in</b>								
General fund	4,133,130	-	-	-	-	-	-	4,133,130
Special revenue funds	-	137,958	3,461,467	1,593,799	4,306,623	21,551,093	21,529	31,072,469
<b>Total fund balances</b>	<b>24,442,502</b>	<b>2,281,925</b>	<b>4,745,661</b>	<b>33,833,896</b>	<b>12,239,589</b>	<b>26,362,495</b>	<b>21,529</b>	<b>103,927,597</b>
<b>Total liabilities and fund balances</b>	<b>\$ 34,452,897</b>	<b>\$ 2,357,111</b>	<b>\$ 4,673,770</b>	<b>\$ 38,401,552</b>	<b>\$ 12,676,039</b>	<b>\$ 26,632,920</b>	<b>\$ 21,529</b>	
Amounts reported for governmental activities in the statement of net assets are different because:								
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds								2,945,486
Capital leases are not due and payable in the current period and therefore are not reported in the funds								(36,445)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds								47,810,000
<b>Net assets of governmental activities</b>								<b>\$ 154,646,638</b>

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

**Metropolitan Transportation Commission**  
**Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds**  
**For the Year Ended June 30, 2005**

	<u>General</u>	<u>AB 664 Net Toll Revenue Reserve</u>	<u>STA</u>	<u>Other Governmental Funds</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>						
Sales taxes	\$ 9,561,542	\$ -	\$ -	\$ -	\$ -	\$ 9,561,542
Grants - Federal	26,769,025	-	-	-	5,798,614	32,567,639
Grants - State	939,273	-	43,522,214	2,877,999	-	47,339,486
Project grants from local agencies	3,153,293	-	-	2,500,000	-	5,653,293
Investment income	781,240	923,488	526,236	559,982	-	2,790,946
Total revenues	41,204,373	923,488	44,048,450	5,937,981	5,798,614	97,912,906
<b>Expenditures</b>						
Current:						
General government	39,015,126	2,849	-	456	-	39,018,431
Allocations to other agencies	9,299,290	12,754,736	41,161,179	17,969,398	-	81,184,603
Capital outlay	3,474,484	-	-	-	7,065,016	10,539,500
Total expenditures	51,788,900	12,757,585	41,161,179	17,969,854	7,065,016	130,742,534
Excess / (deficiency) of revenues over / (under) expenditures	(10,584,527)	(11,834,097)	2,887,271	(12,031,873)	(1,266,402)	(32,829,628)
<b>Other financing sources / uses</b>						
Transfers in	5,355,310	11,913,310	-	10,839,709	1,266,402	29,374,731
Transfers out	(10,807)	-	(1,125,900)	(1,262,556)	98,940	(2,300,323)
Total other financing sources and uses	5,344,503	11,913,310	(1,125,900)	9,577,153	1,365,342	27,074,408
<b>Net change in fund balances</b>	(5,240,024)	79,213	1,761,371	(2,454,720)	98,940	(5,755,220)
<b>Fund balances - beginning</b>	24,442,502	33,833,896	26,362,495	19,288,704	-	103,927,597
<b>Fund balances - ending</b>	\$ 19,202,478	\$ 33,913,109	\$ 28,123,866	\$ 16,833,984	\$ 98,940	\$ 98,172,377

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

**Metropolitan Transportation Commission**  
**Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds**  
**For the Year Ended June 30, 2004**

	<u>General</u>	<u>Transit Reserve</u>	<u>Rail Extension Reserve</u>	<u>AB664 Net Toll Revenue Reserve</u>	<u>Exchange</u>	<u>STA</u>	<u>Feeder Bus</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>								
Sales taxes	\$ 9,087,510	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,087,510
Grants - Federal	30,979,398	-	-	-	-	-	-	30,979,398
Grants - State	4,607,302	2,849,504	-	-	-	38,363,796	-	45,820,602
Project grants from local agencies	3,930,166	-	-	-	-	-	2,500,000	6,430,166
Investment income	151,394	38,991	100,901	469,466	111,750	214,226	3,056	1,089,784
<b>Total revenues</b>	<b>48,755,770</b>	<b>2,888,495</b>	<b>100,901</b>	<b>469,466</b>	<b>111,750</b>	<b>38,578,022</b>	<b>2,503,056</b>	<b>93,407,460</b>
<b>Expenditures</b>								
<b>Current:</b>								
General government	44,952,850	-	931	4,085	-	-	-	44,957,866
Allocations to other agencies	9,807,399	4,537,208	10,992,212	24,481,428	330,123	38,618,599	2,913,624	91,680,593
Capital outlay	166,011	-	-	-	-	-	-	166,011
<b>Total expenditures</b>	<b>54,926,260</b>	<b>4,537,208</b>	<b>10,993,143</b>	<b>24,485,513</b>	<b>330,123</b>	<b>38,618,599</b>	<b>2,913,624</b>	<b>136,804,470</b>
Excess / (deficiency) of revenues over / (under) expenditures	(6,170,490)	(1,648,713)	(10,892,242)	(24,016,047)	(218,373)	(40,577)	(410,568)	(43,397,010)
<b>Other financing sources / uses</b>								
Transfers in	6,257,551	989,075	10,030,620	12,292,116	-	394,439	-	29,963,801
Transfers out	(2,856,710)	-	-	-	(809,352)	-	-	(3,666,062)
<b>Total other financing sources and uses</b>	<b>3,400,841</b>	<b>989,075</b>	<b>10,030,620</b>	<b>12,292,116</b>	<b>(809,352)</b>	<b>394,439</b>	<b>-</b>	<b>26,297,739</b>
<b>Net change in fund balances</b>	<b>(2,769,649)</b>	<b>(659,638)</b>	<b>(861,622)</b>	<b>(11,723,931)</b>	<b>(1,027,725)</b>	<b>353,862</b>	<b>(410,568)</b>	<b>(17,099,271)</b>
<b>Fund balances - beginning</b>	<b>27,212,151</b>	<b>2,941,563</b>	<b>5,607,283</b>	<b>45,557,827</b>	<b>13,267,314</b>	<b>26,008,633</b>	<b>432,097</b>	<b>121,026,868</b>
<b>Fund balances - ending</b>	<b>\$ 24,442,502</b>	<b>\$ 2,281,925</b>	<b>\$ 4,745,661</b>	<b>\$ 33,833,896</b>	<b>\$ 12,239,589</b>	<b>\$ 26,362,495</b>	<b>\$ 21,529</b>	<b>\$ 103,927,597</b>

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

**Metropolitan Transportation Commission  
Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances – Governmental Funds to the Statement of Activities  
For the Years Ended June 30, 2005 and 2004**

	2005	2004
<b>Net change in fund balances - total governmental funds (per Statement of Revenues, Expenditure and Changes in Fund Balances)</b>	\$ (5,755,220)	\$ (17,099,271)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation expense exceeded non capital lease capital outlays in the current period	3,105,123	(200,112)
The loan receivable from another agency is not recorded as a long-term asset in the governmental funds. Additional loan advances forwarded to the agency during the fiscal year are expensed in the governmental fund but are capitalized as a long-term asset in the statement of net assets. These amounts represents fiscal 2005 and 2004 loan advances, respectively.	8,280,000	7,875,000
Principal repayment on capital leases in an expenditure in the governmental funds, however the principal element of the repayment reduces long-term liabilities in the statement of net assets. This amount is the effect of the differing treatment of capital lease principal repayment.	20,469	18,552
<b>Change in net assets of governmental activities (per Statement of Activities)</b>	<u>\$ 5,650,372</u>	<u>\$ (9,405,831)</u>

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

**Metropolitan Transportation Commission  
Statement of Revenues, Expenditures and Changes  
in Fund Balances – Budget and Actual – General Fund  
For the Year Ended June 30, 2005**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b>Revenues</b>				
Sales taxes for planning activities	\$ 9,191,428	\$ 9,191,428	\$ 9,561,542	\$ 370,114
Grants - Federal	23,048,214	37,784,422	26,769,025	(11,015,397)
Grants - State	4,119,811	5,829,188	939,273	(4,889,915)
Project grants from state and local agencies	2,050,692	3,902,831	3,149,178	(753,653)
Investment income	400,000	400,000	781,240	381,240
Other	928,652	1,297,293	4,115	(1,293,178)
Total revenues	<u>39,738,797</u>	<u>58,405,162</u>	<u>41,204,373</u>	<u>(17,200,789)</u>
<b>Expenditures</b>				
Current:				
General government	38,403,781	56,660,555	39,015,126	17,645,429
Allocations to other agencies	5,538,689	9,326,045	9,299,290	26,755
Capital outlay		4,950,000	3,474,484	1,475,516
Total expenditures	<u>43,942,470</u>	<u>70,936,600</u>	<u>51,788,900</u>	<u>19,147,700</u>
Deficiency of revenues under expenditures	(4,203,673)	(12,531,438)	(10,584,527)	1,946,911
<b>Other financing sources</b>				
Transfers in	4,203,673	5,036,917	5,344,503	307,586
<b>Net change in fund balances</b>	-	(7,494,521)	(5,240,024)	2,254,497
<b>Fund balances - beginning</b>	<u>24,442,502</u>	<u>24,442,502</u>	<u>24,442,502</u>	-
<b>Fund balances - ending</b>	<u>\$ 24,442,502</u>	<u>\$ 16,947,981</u>	<u>\$ 19,202,478</u>	<u>\$ 2,254,497</u>

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



**Metropolitan Transportation Commission  
Statement of Revenues, Expenditures and Changes  
in Fund Balances – Budget and Actual – AB 664 Net Toll Revenue Reserve Fund  
For the Year Ended June 30, 2005**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b>Revenues</b>				
Investment income	\$ -	\$ -	\$ 923,488	\$ 923,488
Total revenues	-	-	923,488	923,488
<b>Expenditures</b>				
Current:				
General government	-	-	2,849	(2,849)
Allocations to other agencies	12,268,857	44,508,954	12,754,736	31,754,218
Total expenditures	12,268,857	44,508,954	12,757,585	31,751,369
Deficiency of revenues under expenditures	(12,268,857)	(44,508,954)	(11,834,097)	32,674,857
<b>Other financing sources</b>				
Transfers in	12,268,857	12,268,857	11,913,310	(355,547)
<b>Net change in fund balances</b>	-	(32,240,097)	79,213	32,319,310
<b>Fund balances - beginning</b>	33,833,896	33,833,896	33,833,896	-
<b>Fund balances - ending</b>	\$ 33,833,896	\$ 1,593,799	\$ 33,913,109	\$ 32,319,310

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

**Metropolitan Transportation Commission  
Statement of Revenues, Expenditures and Changes  
in Fund Balances – Budget and Actual – State Transit Assistance Fund  
For the Year Ended June 30, 2005**

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	Final Budget Positive (Negative)
<b>Revenues</b>				
Project grants from state and local agencies	\$ 43,109,114	\$ 43,109,114	\$ 43,522,214	\$ 413,100
Investment income	-	-	526,236	526,236
Total revenues	43,109,114	43,109,114	44,048,450	939,336
<b>Expenditures</b>				
Current:				
Allocations to other agencies	51,234,858	56,046,100	41,161,179	14,884,921
Excess (deficiency) of revenues over (under) expenditures	(8,125,744)	(12,936,986)	2,887,271	15,824,257
<b>Other financing sources / (uses)</b>				
Transfers (out) / in	-	-	(1,125,900)	(1,125,900)
<b>Net change in fund balances</b>	(8,125,744)	(12,936,986)	1,761,371	14,698,357
<b>Fund balances - beginning</b>	26,362,495	26,362,495	26,362,495	-
<b>Fund balances - ending</b>	\$ 18,236,751	\$ 13,425,509	\$ 28,123,866	\$ 14,698,357

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

**Metropolitan Transportation Commission**  
**Statement of Net Assets – Proprietary Funds**  
**June 30, 2005**

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents - unrestricted	\$ 295,723,582	\$ 1,144,550	\$ 296,868,132
Cash and cash equivalents - restricted	34,401,887	-	34,401,887
Short-term investments	184,028,744	19,840,976	203,869,720
Accrued interest	3,283,375	84,627	3,368,002
Prepaid expenses	64,834	202,313	267,147
Caltrans funding due	-	2,751,431	2,751,431
Tolls due from Caltrans	2,377,432	-	2,377,432
Funding due from local agency	458,223	-	458,223
Maintenance funding due from Caltrans	3,966,913	-	3,966,913
Prepayments to the Architectural Revolving Fund	61,146	-	61,146
Other receivables due from Caltrans	120	92,275	92,395
Total current assets	<u>524,366,256</u>	<u>24,116,172</u>	<u>548,482,428</u>
Non-current assets:			
Capital assets:			
Furniture and equipment, net of accumulated depreciation	1,413,791	23,584	1,437,375
Call boxes, net of accumulated depreciation	-	1,312,937	1,312,937
Building	1,000,000	1,000,000	2,000,000
Capital assets, net	<u>2,413,791</u>	<u>2,336,521</u>	<u>4,750,312</u>
Non-current assets:			
Investments	28,543,900	-	28,543,900
Bond issuance costs	12,048,163	-	12,048,163
Total non-current assets	<u>40,592,063</u>	<u>-</u>	<u>40,592,063</u>
Restricted non-current assets:			
Investments	175,000,000	-	175,000,000
Total non-current assets	<u>218,005,854</u>	<u>2,336,521</u>	<u>220,342,375</u>
Total assets	<u>742,372,110</u>	<u>26,452,693</u>	<u>768,824,803</u>
<b>Liabilities</b>			
Current liabilities:			
Payable from unrestricted assets			
Accounts payable	9,502,396	1,036,327	10,538,723
Accrued expenses	-	109,326	109,326
Accrued interest payable	3,765,206	-	3,765,206
Deferred revenue	20,909,956	-	20,909,956
Retentions payable	79,141	3,081	82,222
Long-term debt - current	5,785,000	-	5,785,000
Due to / (from) MTC	390,850	(1,950,911)	(1,560,061)
Due to Caltrans	63,639,738	-	63,639,738
Total current liabilities payable from unrestricted assets	<u>104,072,287</u>	<u>(802,177)</u>	<u>103,270,110</u>
Non-current liabilities:			
Long-term debt, net	995,292,069	-	995,292,069
Total liabilities	<u>1,099,364,356</u>	<u>(802,177)</u>	<u>1,098,562,179</u>
<b>Net assets / (deficit)</b>			
Invested in capital assets, net of related debt	2,413,791	2,481,591	4,895,382
Restricted net assets	257,670,228	-	257,670,228
Unrestricted net assets	<u>(617,076,265)</u>	<u>24,773,279</u>	<u>(592,302,986)</u>
Total net assets / (deficit)	<u>\$ (356,992,246)</u>	<u>\$ 27,254,870</u>	<u>\$ (329,737,376)</u>

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

**Metropolitan Transportation Commission**  
**Statement of Net Assets – Proprietary Funds**  
**June 30, 2004**

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 225,427,633	\$ 9,907,587	\$ 235,335,220
Short-term investments	89,826,820	13,238,921	103,065,741
Accrued interest	4,076,227	31,446	4,107,673
Prepaid expenses	86,773	194,550	281,323
Caltrans funding due	-	2,209,916	2,209,916
Tolls due from Caltrans	8,103,320	-	8,103,320
Funding due from local agency	478,047	-	478,047
Maintenance funding due from Caltrans	3,966,913	-	3,966,913
Prepayments to the Architectural Revolving Fund	113,623	-	113,623
Other receivables due from Caltrans	4,400,000	-	4,400,000
Total current assets	<u>336,479,356</u>	<u>25,582,420</u>	<u>362,061,776</u>
Non-current assets:			
Capital assets:			
Furniture and equipment, net of accumulated depreciation	7,670	51,876	59,546
Call boxes, net of accumulated depreciation	-	1,681,382	1,681,382
Capital assets, net	<u>7,670</u>	<u>1,733,258</u>	<u>1,740,928</u>
Non-current assets:			
Investments	109,932,291	-	109,932,291
Bond issuance costs	7,665,109	-	7,665,109
Total non-current assets	<u>117,597,400</u>	<u>-</u>	<u>117,597,400</u>
Restricted non-current assets:			
Investments	175,000,000	-	175,000,000
Total non-current assets	<u>292,605,070</u>	<u>1,733,258</u>	<u>294,338,328</u>
Total assets	<u>629,084,426</u>	<u>27,315,678</u>	<u>656,400,104</u>
<b>Liabilities</b>			
Current liabilities:			
Payable from unrestricted assets			
Accounts payable	1,104,901	893,624	1,998,525
Accrued expenses	1,027,115	32,506	1,059,621
Accrued interest payable	2,934,483	-	2,934,483
Retentions payable	59,624	11,109	70,733
Due to / (from) MTC	571,892	(425,977)	145,915
Due to Caltrans	92,542,967	-	92,542,967
Total current liabilities payable from unrestricted assets	<u>98,240,982</u>	<u>511,262</u>	<u>98,752,244</u>
Non-current liabilities:			
Long-term debt, net	701,160,994	-	701,160,994
Total liabilities	<u>799,401,976</u>	<u>511,262</u>	<u>799,913,238</u>
<b>Net assets / (deficit)</b>			
Invested in capital assets, net of related debt	7,670	1,878,328	1,885,998
Restricted net assets	175,000,000	-	175,000,000
Unrestricted net assets	<u>(345,325,220)</u>	<u>24,926,088</u>	<u>(320,399,132)</u>
Total net assets / (deficit)	<u>\$ (170,317,550)</u>	<u>\$ 26,804,416</u>	<u>\$ (143,513,134)</u>

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

**Metropolitan Transportation Commission**  
**Statement of Revenues, Expenses and Change in Net Assets – Proprietary Funds**  
**For the Year Ended June 30, 2005**

	Business-Type Activities - Enterprise Funds		
	Bay Area	Service Authority for Freeways and	Total
	Toll Authority	Expressways	
<b>Operating revenues</b>			
Toll revenues collected by Caltrans	\$ 248,140,901	\$ -	\$ 248,140,901
Department of Motor Vehicles registration fees	-	5,895,417	5,895,417
Other operating revenues	2,429,893	-	2,429,893
Total operating revenues	<u>250,570,794</u>	<u>5,895,417</u>	<u>256,466,211</u>
<b>Operating expenses</b>			
Operating expenses	37,582,215	-	37,582,215
Towing contracts	-	7,579,203	7,579,203
Professional fees	14,033,774	1,091,785	15,125,559
Allocations to other agencies	6,817,635	-	6,817,635
Salaries and benefits	1,403,665	820,854	2,224,519
Repairs and maintenance	-	971,319	971,319
Communications charges	676	353,098	353,774
Depreciation and amortization	336,572	286,194	622,766
Other operating expenses	1,014,989	686,469	1,701,458
Total operating expenses	<u>61,189,526</u>	<u>11,788,922</u>	<u>72,978,448</u>
Operating income / (loss)	<u>189,381,268</u>	<u>(5,893,505)</u>	<u>183,487,763</u>
<b>Non-operating revenues / (expenses)</b>			
Investment income	21,234,931	511,612	21,746,543
Interest expense	(35,373,668)	-	(35,373,668)
Other non-operating expenses	-	(80,267)	(80,267)
Caltrans/other agency operating grants	1,660,121	6,457,277	8,117,398
Federal operating grants	-	92,275	92,275
Total non-operating revenues / (expenses), net	<u>(12,478,616)</u>	<u>6,980,897</u>	<u>(5,497,719)</u>
Income before operating and capital transfers	176,902,652	1,087,392	177,990,044
<b>Transfers</b>			
Transfers to Metropolitan Transportation Commission	(26,040,892)	(1,033,516)	(27,074,408)
Net income before capital transfers	<u>150,861,760</u>	<u>53,876</u>	<u>150,915,636</u>
<b>Capital distributions / capital contributions</b>			
Capital distributions to Caltrans	(320,442,456)	-	(320,442,456)
Capital distributions to other agencies	(16,697,422)	-	(16,697,422)
Capital contribution between programs	(396,578)	396,578	-
Total distributions / contributions	<u>(337,536,456)</u>	<u>396,578</u>	<u>(337,139,878)</u>
Change in net assets	(186,674,696)	450,454	(186,224,242)
Total net assets / (deficit) - beginning	<u>(170,317,550)</u>	<u>26,804,416</u>	<u>(143,513,134)</u>
Total net assets / (deficit) - ending	<u>\$ (356,992,246)</u>	<u>\$ 27,254,870</u>	<u>\$ (329,737,376)</u>

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

**Metropolitan Transportation Commission**  
**Statement of Revenues, Expenses and Change in Net Assets – Proprietary Funds**  
**For the Year Ended June 30, 2004**

	Business-Type Activities - Enterprise Funds		
	Bay Area	Service Authority for Freeways and	Total
	Toll Authority	Expressways	
<b>Operating revenues</b>			
Toll revenues collected by Caltrans	\$ 145,176,202	\$ -	\$ 145,176,202
Department of Motor Vehicles registration fees	-	5,839,026	5,839,026
Other operating revenues	1,921,670	199,245	2,120,915
Total operating revenues	<u>147,097,872</u>	<u>6,038,271</u>	<u>153,136,143</u>
<b>Operating expenses</b>			
Operating expenses	44,456,244	-	44,456,244
Towing contracts	-	6,936,786	6,936,786
Professional fees	1,863,054	722,339	2,585,393
Salaries and benefits	1,101,243	685,695	1,786,938
Repairs and maintenance	-	952,485	952,485
Communications charges	437	451,918	452,355
Depreciation and amortization	177,274	409,529	586,803
Other operating expenses	430,092	710,665	1,140,757
Total operating expenses	<u>48,028,344</u>	<u>10,869,417</u>	<u>58,897,761</u>
Operating income / (loss)	<u>99,069,528</u>	<u>(4,831,146)</u>	<u>94,238,382</u>
<b>Non-operating revenues / (expenses)</b>			
Investment income	11,007,091	177,697	11,184,788
Interest expense	(26,663,420)	-	(26,663,420)
Caltrans/other agency operating grants	478,047	5,884,069	6,362,116
Federal operating grants	-	156,558	156,558
Total non-operating revenues / (expenses), net	<u>(15,178,282)</u>	<u>6,218,324</u>	<u>(8,959,958)</u>
Income before operating and capital transfers	83,891,246	1,387,178	85,278,424
<b>Transfers</b>			
Transfers to Metropolitan Transportation Commission	(25,163,318)	(1,134,421)	(26,297,739)
Net income before capital transfers	<u>58,727,928</u>	<u>252,757</u>	<u>58,980,685</u>
<b>Capital distributions / capital contributions</b>			
Capital distributions to Caltrans	(373,331,113)	-	(373,331,113)
Capital distributions to other agencies	(3,906,719)	-	(3,906,719)
Capital contribution between programs	(70,000)	70,000	-
Total distributions / contributions	<u>(377,307,832)</u>	<u>70,000</u>	<u>(377,237,832)</u>
<b>Contributed capital</b>	2,397,067	-	2,397,067
<b>Change in net assets</b>	(316,182,837)	322,757	(315,860,080)
<b>Total net assets - beginning</b>	<u>145,865,287</u>	<u>26,481,659</u>	<u>172,346,946</u>
<b>Total net assets / (deficit) - ending</b>	<u>\$ (170,317,550)</u>	<u>\$ 26,804,416</u>	<u>\$ (143,513,134)</u>

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

**Metropolitan Transportation Commission**  
**Statement of Cash Flows – Proprietary Funds**  
**For the Year Ended June 30, 2005**

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
<b>Cash flows from operating activities</b>			
Cash receipts from users	\$ 274,776,745	\$ 5,895,417	\$ 280,672,162
Cash payments to suppliers for services	(55,749,569)	(12,823,930)	(68,573,499)
Other receipts	6,829,773	(92,275)	6,737,498
<b>Net cash provided by / (used in) operating activities</b>	<b>225,856,949</b>	<b>(7,020,788)</b>	<b>218,836,161</b>
<b>Cash flows from non-capital financing activities</b>			
Caltrans operating grants	1,679,945	6,457,277	8,137,222
Federal operating grants	-	92,275	92,275
Distributions to Caltrans for capital expenses	(347,037,234)	-	(347,037,234)
Distributions to other agencies	(16,697,422)	-	(16,697,422)
<b>Net cash provided by / (used in) non-capital financing activities</b>	<b>(362,054,711)</b>	<b>6,549,552</b>	<b>(355,505,159)</b>
<b>Cash flows from capital and related financing activities</b>			
Proceeds from issuance of revenue bonds	300,000,000	-	300,000,000
Bond issuance costs	(4,801,680)	-	(4,801,680)
Interest paid on bonds & capital leases	(34,542,945)	-	(34,542,945)
Amounts charged against Architecture Revolving Fund (ARF)	52,477	-	52,477
Transfers to MTC	(26,221,934)	(1,575,031)	(27,796,965)
Transfers to SAFE	(396,578)	396,578	-
Proceeds from sale of facilities, property and equipment	-	30,276	30,276
Expenditures for facilities, property and equipment	(2,407,992)	(1,000,000)	(3,407,992)
<b>Net cash provided by / (used in) capital and related financing activities</b>	<b>231,681,348</b>	<b>(2,148,177)</b>	<b>229,533,171</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale & maturities of investments	1,943,773,370	52,749,537	1,996,522,907
Purchase of investments	(1,954,730,343)	(59,297,493)	(2,014,027,836)
Interest and dividends received	20,171,223	404,332	20,575,555
<b>Net cash provided by / (used in) investing activities</b>	<b>9,214,250</b>	<b>(6,143,624)</b>	<b>3,070,626</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>104,697,836</b>	<b>(8,763,037)</b>	<b>95,934,799</b>
<b>Balances - Beginning of year</b>	<b>225,427,633</b>	<b>9,907,587</b>	<b>235,335,220</b>
<b>Balances - End of year</b>	<b>\$ 330,125,469</b>	<b>\$ 1,144,550</b>	<b>\$ 331,270,019</b>
<b>Schedule of noncash activities</b>			
Change in the fair value of investments that are not cash and cash equivalents	\$ 85,556	\$ -	\$ 85,556

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

**Metropolitan Transportation Commission**  
**Statement of Cash Flows – Proprietary Funds, *continued***  
**For the Year Ended June 30, 2005**

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
<b>Reconciliation of operating income to net cash provided by / (used in) operating activities</b>			
Operating income / (loss)	\$ 189,381,268	\$ (5,893,505)	\$ 183,487,763
Adjustments to reconcile operating income to net cash provided by / (used in) operating activities:			
Depreciation and amortization	336,572	286,194	622,766
Net effect of changes in:			
Tolls due from Caltrans	5,725,888	-	5,725,888
Prepaid expenses and other assets	21,939	(7,763)	14,176
Due to Caltrans	(2,308,451)	-	(2,308,451)
Deferred revenue	20,909,956	-	20,909,956
Other receivables due from Caltrans	4,399,880	(92,275)	4,307,605
Accounts payable and accrued expenses	7,389,897	(1,313,439)	6,076,458
<b>Net cash provided by / (used in) operating activities</b>	<b>\$ 225,856,949</b>	<b>\$ (7,020,788)</b>	<b>\$ 218,836,161</b>

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



**Metropolitan Transportation Commission**  
**Statement of Cash Flows – Proprietary Funds**  
**For the Year Ended June 30, 2004**

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
<b>Cash flows from operating activities</b>			
Cash receipts from users	\$ 140,800,297	\$ 5,839,026	\$ 146,639,323
Cash payments to suppliers for services	(58,514,978)	(11,020,715)	(69,535,693)
Other receipts	15,905,457	199,245	16,104,702
<b>Net cash provided by / (used in) operating activities</b>	<b>98,190,776</b>	<b>(4,982,444)</b>	<b>93,208,332</b>
<b>Cash flows from non-capital financing activities</b>			
Caltrans operating grants	-	11,609,937	11,609,937
Federal operating grants	-	1,502,648	1,502,648
Distributions to Caltrans for capital expenses	(303,451,618)	-	(303,451,618)
Distributions to other agencies	(3,906,719)	-	(3,906,719)
<b>Net cash provided by / (used in) non-capital financing activities</b>	<b>(307,358,337)</b>	<b>13,112,585</b>	<b>(294,245,752)</b>
<b>Cash flows from capital and related financing activities</b>			
Interest paid on bonds & capital leases	(26,597,693)	-	(26,597,693)
Amounts charged against Architecture Revolving Fund (ARF)	78,887	-	78,887
Transfers to MTC	(25,163,318)	(1,134,421)	(26,297,739)
Transfers to SAFE	(70,000)	70,000	-
Expenditures for facilities, property and equipment	(7,578)	(7,820)	(15,398)
<b>Net cash provided by / (used in) capital and related financing activities</b>	<b>(51,759,702)</b>	<b>(1,072,241)</b>	<b>(52,831,943)</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale & maturities of investments	1,403,357,642	30,277,056	1,433,634,698
Purchase of investments	(1,322,857,564)	(33,258,264)	(1,356,115,828)
Interest and dividends received	21,126,363	174,977	21,301,340
<b>Net cash provided by / (used in) investing activities</b>	<b>101,626,441</b>	<b>(2,806,231)</b>	<b>98,820,210</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(159,300,822)</b>	<b>4,251,669</b>	<b>(155,049,153)</b>
<b>Balances - Beginning of year</b>	<b>384,728,455</b>	<b>5,655,918</b>	<b>390,384,373</b>
<b>Balances - End of year</b>	<b>\$ 225,427,633</b>	<b>\$ 9,907,587</b>	<b>\$ 235,335,220</b>
<b>Schedule of noncash activities</b>			
Change in the fair value of investments that are not cash and cash equivalents	\$ (7,550,007)	\$ 1,711	\$ (7,548,296)

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

**Metropolitan Transportation Commission**  
**Statement of Cash Flows – Proprietary Funds, *continued***  
**For the Year Ended June 30, 2004**

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Bay Area Toll Authority</u>	<u>Service Authority for Freeways and Expressways</u>	<u>Total</u>
<b>Reconciliation of operating income to net cash provided by / (used in) operating activities</b>			
Operating income / (loss)	\$ 99,069,528	\$ (4,831,146)	\$ 94,238,382
Adjustments to reconcile operating income to net cash provided by / (used in) operating activities:			
Depreciation and amortization	177,274	409,529	586,803
Net effect of changes in:			
Tolls due from Caltrans	(4,375,905)	-	(4,375,905)
Maintenance funding due from Caltrans	13,809,811	-	13,809,811
Prepaid expenses and other assets	24,587	(8,073)	16,514
Due to Caltrans	(12,897,000)	-	(12,897,000)
Other receivables due from Caltrans	173,976	-	173,976
Accounts payable and accrued expenses	2,208,505	(552,754)	1,655,751
<b>Net cash provided by / (used in) operating activities</b>	<b>\$ 98,190,776</b>	<b>\$ (4,982,444)</b>	<b>\$ 93,208,332</b>

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

**Metropolitan Transportation Commission**  
**Statement of Fiduciary Net Assets – Fiduciary Funds**  
**June 30, 2005 and 2004**

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	2005 Fiduciary <u>Funds</u>	2004 Fiduciary <u>Funds</u>
<b>Assets</b>		
Restricted assets held by participating counties	\$ 91,485,553	\$ 75,379,130
Interest receivable	-	108,410
<b>Total Assets</b>	<u>\$ 91,485,553</u>	<u>\$ 75,487,540</u>
<b>Liabilities</b>		
Accounts payable	\$ 6,061,249	\$ 2,028,205
Due to other governments	85,424,304	73,459,335
<b>Total Liabilities</b>	<u>\$ 91,485,553</u>	<u>\$ 75,487,540</u>

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

# **Metropolitan Transportation Commission**

## **Financial Statements for the years ended June 30, 2005 and 2004**

### **Notes to Financial Statements**

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#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **A. Reporting entity**

The Metropolitan Transportation Commission (MTC) was established under Government Code Section 66500 et seq. the laws of the State of California (State) in 1970 to provide comprehensive regional transportation planning for the nine counties that comprise the San Francisco Bay Area, which includes the City and County of San Francisco and the Counties of Alameda, Contra Costa, Marin, Napa, San Mateo, Santa Clara, Solano and Sonoma.

The MTC's principal sources of revenue to fund its operations include state grants, a percentage of the sales tax revenues collected in the nine Bay Area Counties under the State Transportation Development Act of 1971 (TDA) and grants from the U.S. Department of Transportation, Office of the Secretary of Transportation (U.S. DOT), including the Federal Highway Administration (FHWA), Federal Transit Administration (FTA) and other federal, state and local agencies.

The accompanying financial statements present MTC and its blended component units. MTC is the primary government as defined in Governmental Accounting Standards Board Statement No. 14 as it has separate legal status. Its governing board is separately appointed and it is fiscally independent of other governments. The blended component units discussed below are included as part of the reporting entity because they are financially accountable to MTC. The blended component units, although legally separate entities are, in substance, part of the MTC's operations and financial data from these units are combined with financial data of MTC in preparing the government-wide financial statements. The Commission serves as the governing body for MTC and all its blended component units.

##### ***Blended component units***

###### **i.) Bay Area Toll Authority**

The Bay Area Toll Authority (BATA) is a public agency created by Senate Bill 226 effective January 1, 1998. Senate Bill 226 amended Streets and Highway Code Section 30950 et seq. and transferred to BATA certain California Transportation Commission (CTC) and State of California, Department of Transportation (Caltrans) duties and responsibilities for the disposition of toll revenues collected from toll bridges owned and operated by Caltrans in the San Francisco Bay Area. These responsibilities also include administration of the Regional Measure 1 capital improvement program approved by the voters in 1988. The toll bridges are the Antioch Bridge, Benicia-Martinez Bridge, Carquinez Bridge, Dumbarton Bridge, Richmond-San Rafael Bridge, San Francisco-Oakland Bay Bridge and San Mateo-Hayward Bridge.

Pursuant to Senate Bill 226, a five year Cooperative Agreement was signed on March 2, 1998 defining the roles and responsibilities of BATA and Caltrans. A new ten-year agreement was signed in January 2003.

BATA is required to prepare and adopt a budget by July 1 for each fiscal year. BATA adopted a Long Range Plan for Regional Measure 1 projects as required by the Streets

# **Metropolitan Transportation Commission**

## **Financial Statements for the years ended June 30, 2005 and 2004**

### **Notes to Financial Statements**

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and Highway Code. With the concurrence of Caltrans, the plan gives first priority to projects and expenditures that are deemed necessary by Caltrans to preserve and protect the bridges as provided by the Streets and Highway Code and to pay Caltrans for costs incurred and as authorized in the annual budgets adopted by BATA.

In March 2004, seven Bay Area counties approved Regional Measure 2. Regional Measure 2 increased the toll by one dollar on all seven bridges in order to fund various capital and operating programs for congestion relief. The dollar surcharge became effective July 1, 2004.

The responsibilities of Caltrans reside with the ownership, operation and maintenance of the bridges, including the installation, maintenance and operations of toll collections facilities and equipment, the generation and maintenance of proper records relating to the collection and accounting of all toll funds collected. Under the terms of the Cooperative Agreement signed in January 2003, BATA assumed responsibility for electronic toll collection starting in April 2004. BATA's FasTrak™ Center consolidated its operations to include Golden Gate Bridge Highway and Transportation District on May 30, 2005.

Except for the seismic retrofit charge, all the toll revenues and certain other income are transferred to BATA to be managed in accordance with the Cooperative Agreement.

The activities of BATA are structured as a single enterprise with operating revenue and expense recorded by individual bridges.

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

In June 1988, the MTC SAFE was created to receive funds collected by the Department of Motor Vehicles pursuant to Streets and Highways Code Section 2500 et seq., which permits the collection of up to \$1 per registered vehicle in participating counties. The MTC SAFE is responsible for administering a freeway motorist aid system in the participating counties, referred to as the Call Box program. The following counties are participants in the MTC SAFE: San Francisco, Alameda, Contra Costa, Marin, Napa, San Mateo, Santa Clara, Solano and Sonoma.

In 1993, the MTC SAFE's responsibilities were expanded, pursuant to a jointly adopted Memorandum of Understanding between the MTC SAFE, Caltrans, and the California Highway Patrol (CHP), to participate in the development and implementation of a Freeway Service Patrol (FSP) program in the San Francisco Bay Area. The MTC SAFE now receives additional funding under this program to provide tow truck services to stranded motorists. Three principal sources of funding for the FSP program include state-legislated grants, federal grants, and funding from federal traffic mitigation programs. In addition, the Call Box program supports the FSP program by transferring funds each year.

The management of the MTC SAFE has contracted with the MTC to utilize the administrative personnel and facilities of the MTC.

# Metropolitan Transportation Commission

## Financial Statements for the years ended June 30, 2005 and 2004

### Notes to Financial Statements

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#### iii.) MTC Special Revenue Funds

**Transit Reserve Fund** – The 1988 Regional Measure 1 toll increase authorizes up to 3 percent of toll revenue to be used for congestion-relieving transit operation and capital projects in the bridge corridors and an additional 2 percent of the increase to be used for ferry service capital projects. The calculation of the transit reserves was revised in Section 30913 (b) of the Streets and Highway Code to 1/3 of 2 percent of base toll revenues collected on all seven Bay Area state-owned bridges effective January 1, 2004. When the state-owned toll bridges became eligible for federal funding in April 2000, transit operations could no longer be funded because federal funding guidelines allow toll revenues to be used for transit capital projects but not for transit operations. As such, MTC no longer funds transit operations with toll revenue.

Caltrans entered into a Cooperative Agreement with BATA and MTC whereby Caltrans transferred state funding (Five Percent Unrestricted State Funds) to MTC to replace the Toll Funds previously used for transit operations. As a result of this agreement, new programming and allocation policies were established in MTC Resolution No. 3288, with the Unrestricted State Funds supporting ferry operations and other transit/bicycle projects, and toll revenue transfers limited to ferry capital improvements.

**Rail Extension Reserve Fund** – The Rail Extension Reserve Fund arises from 90 percent of the 25-cent toll increase on two-axle vehicles crossing the San Francisco-Oakland Bay Bridge as authorized by Regional Measure 1. Section 30914 (a.4) of the Streets and Highway Code changed the calculation to 21 percent of base toll revenues collected on the San Francisco-Oakland Bay Bridge effective January 1, 2004. Rail extension funds are allocated exclusively for rail transit capital extension and improvement projects that are designed to reduce vehicular traffic congestion on the San Francisco-Oakland Bay Bridge. Seventy percent of the Rail Extension Reserves are allocated for East Bay rail improvements and the remaining thirty percent for West Bay rail improvements.

**AB 664 Net Toll Revenue Reserve Fund** – The AB 664 Net Toll Revenue Reserve Fund arises from a 1977 toll increase on the three southern Bay Area bridges; the Dumbarton Bridge, the San Francisco-Oakland Bay Bridge and the San Mateo-Hayward Bridge. The increase consisted of a charge of 25 cents per two-axle vehicle on the San Francisco-Oakland Bay Bridge and 5 cents per two-axle vehicle on the San Mateo-Hayward and Dumbarton Bridges. Section 30884 (a) of the Streets and Highway Code changed the calculation to 16 percent of the base toll revenues collected on the three bridges effective January 1, 2004. These funds are allocated, seventy percent to West Bay and thirty percent to East Bay, to capital projects that further the development of public transit in the vicinity of these three southern bay area bridges, including transbay and transbay feeder transit services. Substantially all of the current AB 664 Net Toll Revenue Reserves are used to match federal transit funds designated for replacement buses and capital facility improvement.

# Metropolitan Transportation Commission

## Financial Statements for the years ended June 30, 2005 and 2004

### Notes to Financial Statements

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**Exchange Fund** – Exchange Funds are used for MTC projects adopted as part of its State Transit Program (STP) and Congestion Mitigation and Air Quality Improvement (CMAQ) programs.

**State Transit Assistance (STA) Fund** – State Transit Assistance Funds are used for transit and Paratransit operating assistance, transit capital projects, and regional transit coordination. STA funds are derived from the state sales tax on fuel and apportioned by state statute between population-based and revenue-based accounts. PUC Section 99313 defines population-based funds and PUC Section 99314 defines revenue-based funds.

**Feeder Bus Fund** – Are to reimburse various transit operators for operating the BART Express Bus Program.

#### iv.) **MTC Capital Projects Fund**

MTC Capital Projects Fund is used to account for the financial resources used in the acquisition and development of major capital projects. The TransLink® project is the only capital project included in the current fiscal year.

### **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e. Statement of Net Assets and Statement of Activities) report information on all non-fiduciary activities of MTC and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

For the year ended June 30, 2002, MTC adopted Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – Management’s Discussion & Analysis – for State and Local Governments* as amended by GASB Statement No. 37, *Basic Financial Statements – Management’s Discussion & Analysis – for State and Local Governments: Omnibus*. GASB 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into three net asset categories; namely, those invested in capital assets, net of related debt, restricted net assets and unrestricted net assets. For the year ended June 30, 2002, MTC also adopted GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. GASB 38 modifies, establishes, and rescinds certain financial statement

# Metropolitan Transportation Commission

## Financial Statements for the years ended June 30, 2005 and 2004

### Notes to Financial Statements

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disclosure requirements. For the year ended June 30, 2005, MTC adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. GASB Statement No. 40 is an amendment to GASB Statement No. 3, which establishes and modifies the disclosure requirements required related to deposit and investment risk such as credit risk, custodial credit risk, concentration of credit risk, and interest rate risk. The implementation of GASB Statement No. 40 had no effect on MTC's assets or changes in net assets.

With respect to the business-type activities of MTC and as required under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, MTC will continue to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. MTC has elected under GASB Statement No. 20 to not apply all FASB Statements and Interpretations issued after November 30, 1989, due to the governmental nature of MTC's operations.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectable within the current period or 30 days after to pay liabilities of the current period. The STA Fund utilizes this revenue recognition method.

MTC reports the following governmental funds:

The *general fund* is used to account for those financial resources that are not required to be accounted for in another fund. MTC's general fund is its primary operating fund.

*Special revenue funds* are used to account for proceeds of specific revenue sources, other than major capital projects, that are legally restricted to expenditures for specified purposes. MTC's special revenue funds include the Transit Reserve Fund, the Rail Extension Reserve Fund, the AB 664 Net Toll Revenue Reserves Fund, the Exchange Fund, the STA Fund and the Feeder Bus Fund.

In fiscal 2004, as a convenience to the reader, management presented all special revenue funds separately in the annual financial report. In fiscal year 2005, management presented the minor special revenue funds as combined. These funds include the Transit Reserve Fund, the Rail Extension Reserve Fund, the Exchange Fund, and the Feeder Bus Fund. Since these funds did not meet the major fund test, management has included them in



**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2005 and 2004**  
**Notes to Financial Statements**

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Other Governmental Funds. The individual funds are presented in Schedules 4 and 5 for fiscal 2005.

The opening fund balance of the combined minor special revenue funds is as follows:

	<b>Opening Balance</b> <b><u>2005</u></b>
Transit Reserve Fund	\$ 2,281,925
Rail Extension Reserve Fund	4,745,661
Exchange Fund	12,239,589
Feeder Bus Fund	<u>21,529</u>
Total	<u>\$19,288,704</u>

The *capital projects fund* is used to account for the financial resources used in the acquisition and development of major capital projects. The TransLink<sup>®</sup> project is the only capital project included in the current fiscal year.

In fiscal 2005, the following funds are considered major governmental funds: MTC General Fund, AB 664 Net Toll Revenue Reserves Fund, STA Fund, and Capital Projects. The balance sheet and statements of revenues, expenditures and changes in fund balances and budget to actual statements of revenues and change in fund balances are presented for these funds.

MTC reports the following major proprietary funds:

The *Bay Area Toll Authority (BATA) fund* is used to account for the activities of BATA with responsibilities for the disposition of toll revenues collected from toll bridges owned and operated by the State in the San Francisco Bay Area. BATA is a blended component unit of MTC.

The *MTC Service Authority for Freeways and Expressways (SAFE) fund* is used to account for the activities of MTC SAFE with responsibilities for administering a freeway motorist aid system in the participating counties as well as providing tow truck services to stranded motorists. MTC SAFE is a blended component unit of MTC.

Additionally, MTC reports the following fiduciary funds to account for assets held by MTC in a trustee capacity or as an agent. These agency funds are custodial in nature and do not have a measurement of results of operations. They are on the accrual basis of accounting.

The *AB 1107 fund* is used to account for the activities of the AB 1107 Program. AB 1107 funds are sales tax revenue collected under the ordinance adopted pursuant to Section 29140 of the Public Utilities Code. These funds are administered by MTC for allocation to the Alameda-Contra Costa Transit District (AC Transit) and the City and County of

# Metropolitan Transportation Commission

## Financial Statements for the years ended June 30, 2005 and 2004

### Notes to Financial Statements

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San Francisco for its municipal railway system (MUNI) on the basis of regional priorities established by the MTC.

The *Transportation Development Act (TDA) Program fund* is used to account for the activities of the TDA Program. In accordance with State regulations and memoranda of understanding with operators and local municipalities, MTC is responsible for the administration of sales tax revenue derived from the TDA.

#### **D. Budgetary Accounting**

Enabling legislation and adopted policies and procedures provide that MTC approve an annual budget by June 30 of each year. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental and proprietary funds. MTC also approves a life of project budget whenever new capital projects are approved. MTC presents a preliminary budget in May. The final budget is presented in June. MTC conducts hearings for discussion of the proposed annual budget and at the conclusion of the hearings, but not later than June 30, adopts the final budget for the following fiscal year. The appropriated budget is prepared by fund, project and expense type. The legal level of control is at the fund level and the governing body must approve additional appropriations. Budget amendments are recommended when needed. Operating appropriations lapse at fiscal year-end.

MTC employs the following practices and procedures in establishing budgetary data on a basis consistent with accounting principles generally accepted in the United States of America as reflected in the basic financial statements:

- Annual budgets are adopted on the modified accrual basis of accounting for governmental fund types. These include the general fund and special revenue funds.
- Annual budgets are adopted on the accrual basis for the proprietary fund types.

#### **E. Encumbrances**

Encumbrance accounting is employed in the general and special revenue funds. Under this method, purchase orders, contracts, memoranda of understanding and other commitments outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. These commitments will be recognized in subsequent year appropriations.

#### **F. Cash and Investments**

MTC applies the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, which requires investments to be recorded at fair value with the difference between cost and fair value recorded as an unrealized gain or loss. Investments are stated at fair value based upon quoted market prices. Net increases or decreases in the fair value of investments are shown in the Statements of Revenues, Expenditures and Changes in Fund Balance for all governmental fund types and in

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2005 and 2004**  
**Notes to Financial Statements**

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the Statements of Revenues, Expenditures and Changes in Net Assets for the proprietary funds.

***Cash and Cash Equivalents***

For the purpose of the Statement of Cash Flows, MTC considers all highly liquid investments with a maturity of three months or less at date of purchase to be cash and cash equivalents. Deposits in the investment pool of the County of Alameda are presented as cash and cash equivalents.

***Restricted Cash***

Cash is restricted as these assets are either advances used for a specific purpose with the balance being refunded upon project completion or prepaid deposits for the FasTrak™ program.

***Restricted Investments***

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

**G. Capital Assets**

Capital assets, which include buildings and improvements, office furniture and equipment, leased equipment, automobiles and call boxes, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost. Depreciation expense for the governmental activities is charged against general government function.

Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimate useful life in excess of three years.

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

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

	<u>Years</u>
Buildings and improvements	10 - 45
Office furniture and equipment	3 - 10
Leased equipment	5
Automobiles	3
Call boxes	10

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2005 and 2004**  
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**H. Net Assets**

Net assets represent residual interest in assets after liabilities are deducted. Net assets consist of three sections: Invested in capital assets, net of related debt, as well as restricted and unrestricted. Net assets are reported as restricted when constraints are imposed by third parties or enabling legislation. Restricted net assets consist of amounts restricted for capital expenditures and other purposes as follows:

	<b>2005</b>	<b>2004</b>
Restricted for Capital Projects	<u>\$ 46,297,108</u>	<u>\$ 51,489,473</u>
Other Purposes:		
RM 2 Program Reserve	82,670,228	-
Debt Covenant - Operating & Maintenance Reserve	125,000,000	125,000,000
Self Insurance Reserve	50,000,000	50,000,000
Long-Term Receivable Restricted for Use		
by 90% Rail Reserve Fund	56,090,000	47,810,000
Other	<u>2,064,008</u>	<u>17,230,525</u>
Total Other Purposes	<u>\$ 315,824,236</u>	<u>\$ 240,040,525</u>

**I. Retirement Plans**

MTC provides a defined benefit pension plan, the Miscellaneous Plan of Metropolitan Transportation Commission (the "Plan") which provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plan is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers in the State.

**J. Postretirement Health Benefits**

The MTC pays certain health care insurance premiums for retired employees. Employees may become eligible for these benefits if they reach normal retirement age while working for the MTC. The number of participants eligible to receive benefits was 41 for the year ended June 30, 2005. The cost of retiree health care insurance premiums is recognized as an expense as premiums are paid. For the years ended June 30, 2005 and 2004, those costs totaled \$268,105 and \$217,975, respectively.

**K. Compensated Absences**

MTC's regular staff employees accumulate vacation pay and sick leave pay based on the agreement with the Committee for Staff Representation pursuant to the Meyers-Milias-Brown Act. A liability exists for accumulated vacation and sick leave. The compensated

# **Metropolitan Transportation Commission**

## **Financial Statements for the years ended June 30, 2005 and 2004**

### **Notes to Financial Statements**

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absences liability totals \$2,035,441 and \$1,882,451 at June 30, 2005 and 2004, respectively and is included in accrued liabilities. Unused accumulated sick and vacation leave is paid at the time of employment termination up to a maximum of 400 hours for vacation and 240 hours for sick leave per employee.

#### **L. Maintenance Funding due from Caltrans**

In accordance with Amendment No. 2 to the Cooperative Agreement between BATA and Caltrans, Caltrans agreed to reimburse BATA for tow services financed with toll funds from fiscal year 1993 through fiscal year 2001. The reimbursement receivable totals \$3,966,913 and \$3,966,913 at June 30, 2005 and 2004, respectively. The settlement of the maintenance funding due from the State is to be provided in the form of an offset of capital expenses incurred and to be incurred on the Richmond-San Rafael Bridge Trestle Project and Richmond-San Rafael Bridge Deck project. For the years ended June 30, 2005 and 2004, Caltrans incurred \$0 and \$13,809,811, respectively in expenses as an offset against the settlement.

#### **M. Deferred Revenue**

The deferred revenue in BATA represents the funds collected by the Regional Customer Service Center (RCSC) that are prepayments for tolls or represents a deposit from patrons. The patrons are issued transponders with the prepaid amounts for usage against tolls on the California bridges. Patrons are required to contribute a deposit if they pay by check.

#### **N. Toll Revenues Collected by Caltrans**

After toll revenues are collected by Caltrans, BATA accounts for the cash collection from the operation of the bridges and transfers revenues for the seismic retrofit charges to Caltrans. BATA recognizes toll revenue as amounts are earned from vehicle utilization of the toll bridges.

#### **O. Operating Expenditures Incurred by Caltrans**

In accordance with the Cooperative Agreement between BATA and Caltrans, BATA reimburses Caltrans for certain costs incurred for bridge operating expenditures.

#### **P. Transfers to Caltrans for Capital Expenditures**

In accordance with the Cooperative Agreement between BATA and Caltrans, BATA reimburses Caltrans for certain costs incurred for bridge capital expenditures.

#### **Q. Capital Contributed from Caltrans**

Caltrans contributed capital to BATA for a compensating cash balance.

#### **R. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and

# **Metropolitan Transportation Commission**

## **Financial Statements for the years ended June 30, 2005 and 2004**

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assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **S. Operating and Non-operating Revenues and Expenses**

Operating revenues and expenses are those related to user service activities. While non-operating revenues and expenses are all others revenues and expenses not related to user service activities.

### **2. UNRESTRICTED ASSET DEFICIT**

The unrestricted asset deficit arises from the activities within BATA. BATA was created by Senate Bill 226 to be the financing arm for the Regional Measure 1 program. These bonds, issued by BATA, are Toll Revenue Bonds payable solely from “Pledged Revenues.” All future toll revenues received by BATA are pledged to cover debt service payments. The assets (the bridges) are owned and maintained by Caltrans.

### **3. CASH AND INVESTMENTS**

The MTC invests its available cash under the prudent investor rule. The prudent investor rule states, in essence, that “in investing ... property for the benefit of another, a trustee shall exercise the judgment and care, under the circumstance then prevailing, which people of prudence, discretion, and intelligence exercise in the management of their own affairs ... .” This policy affords the MTC a broad spectrum of investment opportunities as long as the investment is deemed prudent and is authorized under the California Government Code Sections 53600, et seq. Investments may be made within the following approved instrument guidelines:

- Securities of the U.S. Government or its agencies
- Securities of the State of California or its agencies
- Certificates of deposit (or time deposits) placed with commercial banks and savings and loans
- Bankers’ acceptances
- Authorized pooled investment programs
- Commercial paper – Rated “A1 or P1”
- Corporate notes – Rated “A” or better
- Municipal bonds
- Mutual funds – Rated “AAA”
- Asset backed securities
- Other investment types authorized by state law and not prohibited in the MTC investment policy

A reconciliation of Cash and Investments as shown on the Statement of Net Assets for all funds at June 30, 2005 and 2004 is as follows:

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	<b>2005</b>	<b>2004</b>
Cash	\$ 257,442,008	\$ 185,853,813
Investments	<u>580,789,066</u>	<u>542,981,391</u>
Total cash and investments	<u>\$ 838,231,074</u>	<u>\$ 728,835,204</u>
Reported as:		
Unrestricted cash and cash equivalents	\$ 371,327,129	\$ 329,582,159
Unrestricted investments	<u>256,446,692</u>	<u>223,126,891</u>
Total unrestricted cash and investments	<u>627,773,821</u>	<u>552,709,050</u>
Restricted cash and cash equivalents	35,457,253	1,126,154
Restricted investments	<u>175,000,000</u>	<u>175,000,000</u>
Total restricted cash and investments	<u>210,457,253</u>	<u>176,126,154</u>
Total cash and investments	<u>\$ 838,231,074</u>	<u>\$ 728,835,204</u>

The composition of cash and investments at June 30, 2005 and 2004 is as follows:

	<b>2005</b>	<b>2004</b>
Cash at banks	\$ 56,340,509	\$ 2,078,019
Money market accounts	167,422,280	146,870,085
County of Alameda	<u>33,679,219</u>	<u>36,905,709</u>
Total cash	<u>257,442,008</u>	<u>185,853,813</u>
Government-sponsored enterprises		
Student Loan Marketing	-	15,009,600
Federal Home Loan Board	251,966,740	230,427,920
Federal Home Loan Mortgage	235,321,430	172,017,860
Federal National Mortgage Association	10,034,400	114,734,300
Tennessee Valley Authority	10,746,900	10,527,100
Federal Farm Credit Board	10,006,300	-
Commercial paper - Corporate	42,444,184	-
Certificates of Deposit	20,000,000	-
Local Agency Investment Fund	<u>269,112</u>	<u>264,611</u>
Total investments	<u>580,789,066</u>	<u>542,981,391</u>
Total cash and investments	<u>\$ 838,231,074</u>	<u>\$ 728,835,204</u>

At June 30, 2005 and 2004, the MTC's carrying amount of cash in checking and money markets accounts was \$257,442,008 and \$185,853,813, respectively. The bank balance was \$260,397,013 and \$179,820,665, respectively, with the difference represented primarily by outstanding checks. Of the bank balances at June 30, 2005 and 2004, \$300,000 and \$241,056 were insured by federal depository insurance or collateralized by securities held by MTC's agent in MTC's name and an amount of \$257,142,008. This is required by Section 53652 of the California Government Code to be collateralized 110 percent by the pledging financial institutions, except promissory notes secured by first trust deeds, or letters of credit issued by the Federal Home Loan Bank of San Francisco which require collateral levels of 150 percent and 105 percent, respectively. Such collateral is not required to be in MTC's name.

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## **Financial Statements for the years ended June 30, 2005 and 2004**

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The California Government Code requires California banking institutions to collateralize deposits of public funds by pledging government securities as collateral. Such collateralization of public funds is accomplished by pooling. The market value of pledged securities must be in accordance with Title 5, Division 2, Chapter 4, Article 2 of the Government Code for the State of California. California law also allows financial institutions to collateralize public fund deposits by pledging first trust deed mortgage notes having a value of 150 percent of a governmental unit's total deposits. The MTC may waive collateral requirements for deposits that are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation.

MTC holds a position in the investment pool of County of Alameda in the amount of \$33,679,219. These funds in the Alameda County pool are not registered with the Securities and Exchange Commission (SEC). The County of Alameda is restricted by state code in the types of investments it can make. Further, the County Treasurer has a written investment policy approved by the Board of Supervisors and also has an investment committee which performs regulatory oversight for its pool as required by California Government Code Section 27134. The County's investment policy authorizes the County to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, certificates of deposit, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances, repurchase agreements, reverse repurchase agreements, and the State Treasurer's investment pool. The fair value in the investment pool of County of Alameda is the same as the fair value of the position in the external investment pool at June 30, 2005. The investment holdings with the County of Alameda account for 4 percent of MTC's investment portfolio. This holding is very liquid and can be liquidated at any time and as such is considered to be cash and cash equivalents.

MTC holds \$269,112 in the Local Agency Investment Fund (LAIF). MTC's investment policy allows investment in LAIF as authorized by Government Code section 16429. LAIF is a program created by statute as an investment alternative for California's local governments and special districts. LAIF investments account for 0.03 percent of MTC's investment portfolio.

MTC's portfolio includes two mutual fund investments, Cadre Institutional Investors Trust (Cadre), owned by Public Financial Management and the Highmark 100 percent US Treasury Money Market Fund. The Cadre fund is rated "AAA" by both Standard & Poor's Corporation and Moody's and its fund invests in debt securities issued or guaranteed by the U.S. government or an agency of the U.S. government and repurchase agreements collateralized by U.S. government securities. Investments from both funds are very liquid and can be liquidated at any time and as such are considered to be cash and cash equivalents. The Cadre account also serves as MTC's primary checking account. At June 30, 2005 and 2004, the investment in Cadre was equal to 7 percent and 6 percent. At June 30, 2005 and 2004, the investment in Highmark was equal to 13 percent and 14 percent. The Highmark funds are part of the overnight sweep fund utilized by Union Bank of California (UBOC) custodial accounts and invests exclusively in short-term U.S. Treasury securities guaranteed by the U.S. government. This fund is not rated due to the nature of its holdings. State law and MTC policy limit mutual fund investment to 20 percent of the portfolio, with no more than 10 percent of the portfolio in any single fund. Investments in the Highmark fund are not restricted to the 10 percent mutual fund limit as they are part of the overnight sweep fund.



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## **Financial Statements for the years ended June 30, 2005 and 2004**

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The government-sponsored enterprise (GSE) holdings carry "AAA" ratings and have implicit guarantees from the U.S. government. Neither State law nor MTC policy imposes a limit to the amount of GSE within the portfolio.

MTC holds positions in both commercial paper and certificates of deposit as permitted under MTC's investment policy. Commercial paper must have the highest letter and numerical rating provided by Moody's Investor Services ("P-1") or Standard & Poor's Corporation ("A-1"). Eligible commercial paper is further limited to issuing corporations organized and operating in the United States and having total assets of \$500,000,000 and having an "A" or higher rating for issuer's debt, other than commercial paper, if any, as provided by Moody's or Standard & Poor's. Purchases cannot exceed 180 days maturity, 10 percent of the outstanding commercial paper of a single issuing corporation and 10 percent of the agency's surplus money. As of June 30, 2005, MTC holds \$42,444,184 (market value) in commercial paper. The commercial paper investment constitutes 5 percent of MTC's total investment holdings.

Negotiable Certificates of Deposit must be issued by a nationally chartered or state-chartered bank and cannot exceed 10 percent of surplus agency funds. As of June 30, 2005, MTC holds \$20,000,000 in negotiable certificates of deposit. The negotiable certificates of deposit constitutes 2 percent of MTC's total investment holdings.

BATA has covenanted to maintain an operations and maintenance reserve of two times the adopted operations and maintenance budget, as well as an extraordinary loss reserve of \$50 million. At June 30, 2005, BATA had restricted \$125 million as the restricted operations and maintenance reserve and \$50 million as the restricted extraordinary loss reserve. These amounts are shown as restricted long-term investments for the year ended June 30, 2005.

MTC also has \$1,055,366 restricted for costs for the Express Bus purchases funded with the Traffic Relief Program funds. BATA has restricted cash of \$34,401,887 for the Fastrak program funded with patron holders funds for the ETC program.

#### **A. Investment Risk Factors**

There are many factors that can affect the value of investments. MTC invests substantially in fixed income securities, which are affected by credit risk, custodial credit risk, concentration of credit risk, and interest rate risk.

##### **i.) Credit Risk**

Fixed income securities are subject to credit risk, which is the possibility that a bond issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. The circumstances may arise due to a variety of factors such as financial weakness, bankruptcy, litigation and/or adverse political developments.

A bond's credit quality is an assessment of the issuer's ability to pay interest on the bond, and ultimately, to pay the principal. Credit quality is evaluated by one of the independent

# Metropolitan Transportation Commission

## Financial Statements for the years ended June 30, 2005 and 2004

### Notes to Financial Statements

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bond-rating agencies, for example Moody's Investor Services or Standard and Poor's. The lower the rating, the greater the chance (in the rating agency's opinion) that the bond issuer will default, or fail to meet its payment obligations. The credit risk profile of the various fixed income securities are stated above.

#### ii.) Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the custodian, the investments may not be returned. All securities are held in independent safekeeping accounts maintained at Union Bank of California (UBOC) in the name of MTC. All security trades clear through UBOC. All checking and sweep accounts are fully insured or collateralized. As a result, custodial credit risk is remote.

#### iii.) Concentration of Credit Risk

Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory or credit developments.

Investments in issuers that represent 10 percent or more of total investment at June 30, 2005 and 2004 are as follows:

	2005	2004
Federal Home Loan Board	43%	42%
Federal Home Loan Mortgage	41%	32%
Federal National Mortgage Association	-	21%

#### iv.) Interest Rate Risk

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

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## Financial Statements for the years ended June 30, 2005 and 2004

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The weighted average maturity of MTC's Government Sponsored Enterprise (GSE) securities (expressed in number of years) at June 30, 2005 and 2004 are as follows:

	2005	2004
Government-sponsored enterprises		
Federal Home Loan Board	1.79	6.96
Federal Home Loan Mortgage	1.76	5.14
Federal National Mortgage Association	7.82	3.36
Tennessee Valley Authority	5.56	6.56
Federal Farm Credit Board	3.31	-
Student Loan Marketing	-	0.16

Commercial paper and certificates of deposits have maturities of less than 1 year. The weighted average maturity for commercial paper is 65 days and the weighted average maturity for certificates of deposits is 25 days. Interest rate risk is considered to be minimal for these types of securities.

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**Financial Statements for the years ended June 30, 2005 and 2004**  
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**4. CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2005 is as follows:

**Governmental activities**

	<b>Beginning Balance July 1, 2004</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance June 30, 2005</b>
Capital assets, being depreciated:				
Buildings and improvements	\$ 4,718,459	\$ 3,386,518	\$ -	\$ 8,104,977
Office furniture and equipment	2,852,128	87,966	-	2,940,094
Leased equipment	83,430	-	-	83,430
Automobiles	176,412	-	-	176,412
Total cash assets being depreciated	<u>7,830,429</u>	<u>3,474,484</u>	<u>-</u>	<u>11,304,913</u>
Less accumulated depreciation for:				
Buildings and improvements	2,252,140	180,856	-	2,432,996
Office furniture and equipment	2,410,808	164,675	-	2,575,483
Leased equipment	49,330	20,082	-	69,412
Automobiles	172,665	3,748	-	176,413
Total accumulated depreciation	<u>4,884,943</u>	<u>369,361</u>	<u>-</u>	<u>5,254,304</u>
Total capital assets, net	<u>\$ 2,945,486</u>	<u>\$ 3,105,123</u>	<u>\$ -</u>	<u>\$ 6,050,609</u>

**Business-type activities**

	<b>Beginning Balance July 1, 2004</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance June 30, 2005</b>
Capital assets, being depreciated:				
Office furniture and equipment	\$ 1,067,868	\$ 1,407,992	\$ (20,622)	\$ 2,455,238
Buildings and improvements	-	2,000,000	-	2,000,000
Call boxes	10,482,078	-	(2,470,552)	8,011,526
Total cash assets being depreciated	<u>11,549,946</u>	<u>3,407,992</u>	<u>(2,491,174)</u>	<u>12,466,764</u>
Less accumulated depreciation for:				
Office furniture and equipment	1,008,322	30,163	(20,622)	1,017,863
Call boxes	8,800,696	257,902	(2,360,009)	6,698,589
Total accumulated depreciation	<u>9,809,018</u>	<u>288,065</u>	<u>(2,380,631)</u>	<u>7,716,452</u>
Total capital assets, net	<u>\$ 1,740,928</u>	<u>\$ 3,119,927</u>	<u>\$ (110,543)</u>	<u>\$ 4,750,312</u>

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**Financial Statements for the years ended June 30, 2005 and 2004**  
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A summary of changes in capital assets for the year ended June 30, 2004 is as follows:

**Governmental activities**

	<b>Beginning Balance July 1, 2003</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance June 30, 2004</b>
Capital assets, being depreciated:				
Buildings and improvements	\$ 4,718,459	\$ -	\$ -	\$ 4,718,459
Office furniture and equipment	2,686,117	166,011	-	2,852,128
Leased equipment	83,430	-	-	83,430
Automobiles	176,412	-	-	176,412
Total cash assets being depreciated	<u>7,664,418</u>	<u>166,011</u>	<u>-</u>	<u>7,830,429</u>
Less accumulated depreciation for:				
Buildings and improvements	2,075,796	176,344	-	2,252,140
Office furniture and equipment	2,249,698	161,110	-	2,410,808
Leased equipment	31,248	18,082	-	49,330
Automobiles	162,078	10,587	-	172,665
Total accumulated depreciation	<u>4,518,820</u>	<u>366,123</u>	<u>-</u>	<u>4,884,943</u>
Total capital assets, net	<u>\$ 3,145,598</u>	<u>\$ (200,112)</u>	<u>\$ -</u>	<u>\$ 2,945,486</u>

**Business-type activities**

	<b>Beginning Balance July 1, 2003</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance June 30, 2004</b>
Capital assets, being depreciated:				
Office furniture and equipment	\$ 1,052,470	\$ 15,398	\$ -	\$ 1,067,868
Callboxes	10,482,078	-	-	10,482,078
Total cash assets being depreciated	<u>11,534,548</u>	<u>15,398</u>	<u>-</u>	<u>11,549,946</u>
Less accumulated depreciation for:				
Office furniture and equipment	960,986	47,336	-	1,008,322
Call boxes	8,436,558	364,138	-	8,800,696
Total accumulated depreciation	<u>9,397,544</u>	<u>411,474</u>	<u>-</u>	<u>9,809,018</u>
Total capital assets, net	<u>\$ 2,137,004</u>	<u>\$ (396,076)</u>	<u>\$ -</u>	<u>\$ 1,740,928</u>

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**5. LONG-TERM DEBT**

General Revenue Bonds were issued during May 2001, February 2003 and October 2004 to (i) finance the cost of the design and construction of eligible projects, including capital improvements and Regional Measure I projects for the Bay Area Bridges, (ii) to finance a Reserve Fund for the Series 2001, 2003, and 2004 General Revenue Bonds, and (iii) pay costs incurred in connection with the issuance of the Series 2001, 2003 and 2004 General Revenue Bonds.

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A summary of changes in long-term debt for the year ended June 30, 2005 is as follows:

**Business-type activities**

	<b>Issue Date</b>	<b>Interest Rate</b>	<b>Calendar Maturity Year</b>	<b>Original Amount</b>	<b>Beginning Balance July 1, 2004</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance June 30, 2005</b>	<b>Due Within One Year</b>
2001 Revenue Bond Series A	5/24/2001	4.09%-4.10% *	2036	\$ 150,000,000	\$ 150,000,000	\$ -	\$ -	\$ 150,000,000	-
2001 Revenue Bond Series B	5/24/2001	4.12% *	2029	75,000,000	75,000,000	-	-	75,000,000	-
2001 Revenue Bond Series C	5/24/2001	4.11% *	2025	75,000,000	75,000,000	-	-	75,000,000	-
2001 Revenue Bond Series D	5/24/2001	4.83% **	2018	100,000,000	100,000,000	-	-	100,000,000	5,785,000
2003 Revenue Bond Series A	2/12/2003	4.139% ***	2038	75,000,000	75,000,000	-	-	75,000,000	-
2003 Revenue Bond Series B	2/12/2003	4.139% ***	2038	75,000,000	75,000,000	-	-	75,000,000	-
2003 Revenue Bond Series C	2/12/2003	1.82%-4.139% ****	2038	150,000,000	150,000,000	-	-	150,000,000	-
2004 Revenue Bond Series A	10/5/2004	3.416% *****	2039	75,000,000	-	75,000,000	-	75,000,000	-
2004 Revenue Bond Series B	10/5/2004	3.416% *****	2039	150,000,000	-	150,000,000	-	150,000,000	-
2004 Revenue Bond Series C	10/5/2004	3.416% *****	2039	75,000,000	-	75,000,000	-	75,000,000	-
				<u>\$1,000,000,000</u>	<u>\$ 700,000,000</u>	<u>\$ 300,000,000</u>	<u>\$ -</u>	<u>\$ 1,000,000,000</u>	<u>\$ 5,785,000</u>
Unamortized bond premium					1,160,994	-	83,925	1,077,069	
Net long-term debt as June 30, 2005					<u>\$ 701,160,994</u>	<u>\$ 300,000,000</u>	<u>\$ 83,925</u>	<u>\$ 1,001,077,069</u>	

\* 2001 Series A, B and C are issued as variable rate demand bonds with a floating-to-fixed interest rate swap transaction in place. Refer to interest rate swap description within this footnote.

\*\* 2001 Series D bonds are issued as fixed rate bonds with a final maturity of 2018. The bonds carry interest rates ranging from 3.85% in 2006 to 5.12% in 2018, or a true interest cost of 4.83%.

\*\*\* 2003 Series A and B are issued as variable rate demand bonds with a floating-to-fixed interest rate swap transaction in place. Refer to interest rate swap description within this footnote.

\*\*\*\* Of the \$150,000,000 2003 Series C Revenue bonds, \$50,000,000 are issued as variable rate demand bonds with a floating to fixed interest rate swap transaction in place. Refer to interest rate swap description within this footnote. The remaining \$100,000,000 are issued as floating rate bonds with a final maturity of 2038. Interest rates in the variable rate demand bond averaged 1.82% as of June 30, 2005.

\*\*\*\*\* 2004 Series A, B and C are issued as variable rate demand bonds with a floating-to-fixed rate swap transaction in place. Refer to interest rate swap description within this footnote.

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A summary of changes in long-term debt for the year ended June 30, 2004 is as follows:

**Business-type activities**

	<b>Issue Date</b>	<b>Interest Rate</b>	<b>Calendar Maturity Year</b>	<b>Original Amount</b>	<b>Beginning Balance July 1, 2003</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance June 30, 2004</b>	<b>Due Within One Year</b>
2001 Revenue Bond Series A	5/24/2001	4.09%-4.10% *	2036	\$ 150,000,000	\$ 150,000,000	\$ -	\$ -	\$ 150,000,000	\$ -
2001 Revenue Bond Series B	5/24/2001	4.12% *	2029	75,000,000	75,000,000	-	-	75,000,000	-
2001 Revenue Bond Series C	5/24/2001	4.11% *	2025	75,000,000	75,000,000	-	-	75,000,000	-
2001 Revenue Bond Series D	5/24/2001	4.83% **	2018	100,000,000	100,000,000	-	-	100,000,000	-
2003 Revenue Bond Series A	2/12/2003	4.139% ***	2038	75,000,000	75,000,000	-	-	75,000,000	-
2003 Revenue Bond Series B	2/12/2003	4.139% ***	2038	75,000,000	75,000,000	-	-	75,000,000	-
2003 Revenue Bond Series C	2/12/2003	1.05%-4.139% ****	2038	150,000,000	150,000,000	-	-	150,000,000	-
				<u>\$ 700,000,000</u>	<u>700,000,000</u>	<u>-</u>	<u>-</u>	<u>700,000,000</u>	<u>\$ -</u>
Unamortized bond premium					1,244,921	-	83,927	\$ 1,160,994	
Net long-term debt as June 30, 2004					<u>\$ 701,244,921</u>	<u>\$ -</u>	<u>\$ 83,927</u>	<u>\$ 701,160,994</u>	

\* 2001 Series A, B and C are issued as variable rate demand bonds with a floating-to-fixed interest rate swap transaction in place. Refer to interest rate swap description within this footnote.

\*\* 2001 Series D bonds are issued as fixed rate bonds with a final maturity of 2018. The bonds carry interest rates ranging from 3.85% in 2006 to 5.12% in 2018, or a true interest cost of 4.83%.

\*\*\* 2003 Series A and B are issued as variable rate demand bonds with a floating-to-fixed interest rate swap transaction in place. Refer to interest rate swap description within this footnote.

\*\*\*\* Of the \$150,000,000 2003 Series C Revenue bonds, \$50,000,000 are issued as variable rate demand bonds with a floating to fixed interest rate swap transaction in place. Refer to interest rate swap description within this footnote. The remaining \$100,000,000 are issued as floating rate bonds with a final maturity of 2038. Interest rates in the variable rate demand bond averaged 1.05% as of June 30, 2004.



**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2005 and 2004**  
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**Annual funding requirements**

The annual funding requirements (principal and interest) for the long-term debt outstanding of the business-type activities at June 30, 2005 are as follows:

<b>Business-type activities</b>			
<b>Fiscal Year Ending</b>	<b>Principal Payments</b>	<b>Interest Payments</b>	<b>Total Payments</b>
2006	\$ 5,785,000	\$ 30,142,125	\$ 35,927,125
2007	6,015,000	39,957,004	45,972,004
2008	15,805,000	39,715,264	55,520,264
2009	16,585,000	39,080,069	55,665,069
2010-2019	211,930,000	348,915,393	560,845,393
2020-2024	146,640,000	138,207,672	284,847,672
2025-2029	182,945,000	105,959,416	288,904,416
2030-2034	228,325,000	65,717,669	294,042,669
2035-2039	185,970,000	18,610,753	204,580,753
	<u>\$ 1,000,000,000</u>	<u>\$ 826,305,365</u>	<u>\$ 1,826,305,365</u>

**Toll Revenue Bonds**

The 2001 Bay Area Toll Authority Bridge Toll Revenue Bonds are payable solely from “Pledged Revenues.” The Master Indenture, dated as of May 1, 2001 defines Pledged Revenues as all bridge toll revenue as well as revenue and all amounts held by the Trustee in each fund and account established under the indenture except for amounts in the Rebate Fund and amounts on deposit in any fund or account established to hold the proceeds of a drawing on any Liquidity Instrument.

BATA has covenanted to maintain bridge toll rates sufficient to meet operations, maintenance and debt service costs. In addition, BATA will seek authority from the state Legislature if net toll revenue is less than 1.0 times “fixed charges” as defined by the Master Indenture, or the sum of net toll revenue and amounts in the operations and maintenance reserve is less than 1.25 times fixed charges (see detail in Schedule 8).

BATA has also covenanted in the 2001 Indenture that no additional bonds shall be issued, unless the additional bonds are issued for refunding of 2001 Series bond purposes, or Net Revenue equates to greater than 150 percent of the combined maximum annual debt service, including the 2001 bonds and additional bonds.

BATA has covenanted to maintain an operations and maintenance reserve of two times the adopted operations and maintenance budget, as well as an extraordinary loss reserve of \$50 million. At June 30, 2005, BATA had restricted \$125 million as the restricted operations and maintenance reserve and \$50 million as the restricted extraordinary loss reserve. These amounts are shown as restricted long-term investments for the year ended June 30, 2005.

# **Metropolitan Transportation Commission**

## **Financial Statements for the years ended June 30, 2005 and 2004**

### **Notes to Financial Statements**

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The bonds issued by BATA are secured by a first lien on all revenues and are not an obligation of the MTC primary government or any component unit other than BATA.

#### **Interest Rate and Forward Interest Rate Swap Agreements**

In January 2002, BATA completed a floating-to-fixed rate swap transaction with a notional value of \$300 million. Counterparties to the transaction are Ambac for \$150 million, Citigroup for \$75 million and Morgan Stanley for \$75 million. During the 35-year term of the swap, BATA will pay each respective counterparty based on a fixed rate ranging from 4.09 percent to 4.12 percent while receiving a floating rate payment equivalent to the actual floating rate payment in years 1 through 4 and a floating rate payment based on 65 percent of the one-month LIBOR index in years 5 through 35. The variable rate bonds associated with this swap were issued as part of BATA's 2001 \$300 million Toll Bridge Revenue Bond issue.

In May 2002, BATA approved a forward contract with Ambac to swap variable-to-fixed rate bonds in a notional amount of \$200 million. The contract calls for BATA to pay Ambac a fixed rate of 4.139 percent. In exchange, BATA will receive a variable rate payment based on 65 percent of the one-month LIBOR rate for the life of the 2003 financing. The variable rate bonds associated with this swap (\$75 million for Series A, \$75 million for Series B, and \$50 million for Series C) were issued as part of BATA's 2003 \$300 million Toll Bridge Revenue Bond issue.

In August 2004, BATA approved a forward contract with Ambac to swap variable-to-fixed rate bonds in a notional amount of \$300 million. The contract calls for BATA to pay Ambac a fixed rate of 3.416 percent. In exchange, BATA will receive a variable rate based on 54 percent of the one-month LIBOR rate and 54 basis points for the life of the 2004 financing. The variable rate bonds associated with this swap were issued as part of BATA's 2004 \$300 million Toll Bridge Revenue Bond issue.

BATA entered into these transactions as a means of controlling long-term debt costs while maintaining a hedge against increases in short-term rates. BATA is aware that swap transactions contain certain associated risks not traditionally associated with fixed-rate issues, particularly the risk of counterparty failure. However, BATA has structured the transaction with reasonable safeguards, including downgrade and collateral provisions required of all counterparties, insurance guaranteeing performance on the Ambac components, as well as BATA's unilateral ability to cancel any transaction with 15 days notice.

The swap contracts address credit risk by requiring the counterparties to post collateral if two triggering mechanisms are reached: counterparty credit ratings fall below "AA-" or "Aa3" from Standard & Poor's and Moody's respectively; and the swap carries a positive fair value in excess of \$10 million.

As of June 30, 2005, Morgan Stanley had a long term rating of "A+" from Standard & Poor's which falls below the "AA-" threshold. However, no collateral is required because the fair value of the swap does not exceed \$10 million. The ratings for Ambac and Citigroup are "AAA/Aaa" and "AA-/Aa1" from Standard & Poor's and Moody's respectively.

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2005 and 2004**  
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Cancellation of any or all of the swap transactions is subject to a market value calculation at the time of termination. The market value calculation is used to determine what, if any, termination payment is due from or to the counterparty. At June 30, 2005 the financial and investment advisory firm of Public Financial Management (PFM) established the termination value as of June 30, 2005 as follows:

<u>Notional Value</u>	<u>Counterparty</u>	<u>Fixed Rate</u>	<u>Value due from / (to) counterparty</u>
\$ 75 million	Ambac	4.110%	\$ (10,616,922)
\$ 75 million	Ambac	4.120%	(12,260,438)
\$ 75 million	Morgan Stanley	4.090%	(13,324,987)
\$ 75 million	Citigroup	4.100%	(13,445,364)
\$ 200 million	Ambac	4.139%	(31,469,050)
\$ 300 million	Ambac	3.416%	(16,744,300)
			<u>\$ (97,861,061)</u>

The termination value, if BATA terminated or defaulted on all swaps is approximately \$97.9 million.

BATA's intent, however, is to maintain the swap transactions for the 35-year life of the financing. In accordance with Governmental Accounting Standards Board Statement No. 20, BATA has not adopted Financial Accounting Standards Board Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*, and has not recorded the termination value due to the counterparties. A complete summary of swap values and terms is contained in Schedule 20.

The schedule below shows the total interest cost of the swap payments. The total cost is determined by taking the fixed rate payment to the counterparty, netting the variable rate payment received from the counterparty, plus any associated administrative costs associated with the swap and variable rate obligation. The counterparty fixed rate payment is 4.105 percent and 4.139 percent for the 2001 and 2003 swap transactions, respectively. The counterparty fixed rate payment is 3.416 percent for the 2004 swap transaction. The total cost is 4.521 percent for the 2001 swap, 4.555 percent for the 2003 swap, and 3.634 percent for the 2004 swap.

As of June 30, 2005, debt service requirements of the variable rate debt and net swap payments for 2001 Series A, B and C are as follows:

<u>Payment Date</u>	<u>Principal Payment</u>	<u>Interest (Variable)**</u>	<u>Interest Rate Swaps, Net***</u>	<u>Interest Remarketing and Liquidity****</u>	<u>Total Payment</u>
4/1/2006 *	\$ -	\$ 6,414,000	\$ 6,248,063	\$ 900,000	\$ 13,562,063
4/1/2007	-	6,414,000	6,248,063	900,000	13,562,063
4/1/2008	-	6,414,000	6,248,063	900,000	13,562,063
4/1/2009	-	6,414,000	6,248,063	900,000	13,562,063
4/2/2010	-	6,414,000	6,248,063	900,000	13,562,063
4/1/2011-2036	300,000,000	120,578,924	117,459,410	16,919,400	554,957,734
	<u>\$ 300,000,000</u>	<u>\$ 152,648,924</u>	<u>\$ 148,699,725</u>	<u>\$ 21,419,400</u>	<u>\$ 622,768,049</u>

**Metropolitan Transportation Commission**  
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As of June 30, 2005, debt service requirements of the variable rate debt and net swap payments for 2003 Series A, B and C are as follows:

Payment Date	Principal Payment	Interest (Variable)**	Interest Rate Swaps, Net***	Interest Remarketing and Liquidity****	Total Payment
4/1/2006	\$ -	\$ 4,276,000	\$ 4,233,375	\$ 600,000	\$ 9,109,375
4/1/2007	-	4,276,000	4,233,375	600,000	9,109,375
4/1/2008	3,000,000	4,276,000	4,233,375	600,000	12,109,375
4/1/2009	3,200,000	4,211,860	4,169,874	591,000	12,172,734
4/1/2010	3,300,000	4,143,444	4,102,140	581,400	12,126,984
4/1/2011-2038	190,500,000	70,678,004	69,973,455	9,917,400	341,068,859
	<u>\$ 200,000,000</u>	<u>\$ 91,861,308</u>	<u>\$ 90,945,594</u>	<u>\$ 12,889,800</u>	<u>\$ 395,696,702</u>

As of June 30, 2005, debt service requirements of the variable rate debt and net swap payments for 2004 Series A, B and C are as follows:

Payment Date	Principal Payment	Interest (Variable)**	Interest Rate Swaps, Net***	Interest Remarketing and Liquidity****	Total Payment
4/1/2006	\$ -	\$ 6,414,000	\$ 3,586,275	\$ 900,000	\$ 10,900,275
4/1/2007	-	6,414,000	3,586,275	900,000	10,900,275
4/1/2008	4,980,000	6,414,000	3,586,275	900,000	15,880,275
4/1/2009	5,215,000	6,307,528	3,526,743	885,060	15,934,331
4/1/2010	5,385,000	6,196,031	3,464,401	869,415	15,914,847
4/1/2011-2039	284,420,000	106,595,655	59,601,082	14,957,295	465,574,032
	<u>\$ 300,000,000</u>	<u>\$ 138,341,214</u>	<u>\$ 77,351,051</u>	<u>\$ 19,411,770</u>	<u>\$ 535,104,035</u>

	Series 2001 Bonds	Series 2003 Bonds	Series 2004 Bonds
Interest Rate Swap			
Fixed payment to cp	4.105%	4.139%	3.416%
65% LIBOR	-2.022%	-2.022%	-2.220%
Net interest rate swap payments***	2.083%	2.117%	1.196%
Variable Rate bond coupon pmts**	2.138%	2.138%	2.138%
Synthetic interest rate on bonds	4.221%	4.255%	3.334%
Remarketing/liquidity fee****	0.300%	0.300%	0.300%
Total Cost	<u>4.521%</u>	<u>4.555%</u>	<u>3.634%</u>

\*For Series 2001 Bonds, the above rate calculation takes effect as of April 1, 2006.

For further swap details, refer to Schedule 20, Schedule of Interest Rate Swap – BATA Proprietary Fund.

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2005 and 2004**  
**Notes to Financial Statements**

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**6. LEASES**

**Capital Leases**

The MTC leases copier equipment under capital leases expiring in MTC's fiscal year end 2007. The assets and liabilities under this capital lease are recorded at the present value of the minimum lease payments. Minimum future lease payments under the capital lease are comprised of the following:

<b>Governmental Activities</b>	
<u>Year Ending June 30</u>	<u>Amount</u>
2006	\$ 9,968
2007	<u>7,350</u>
Total	17,318
Less interest amounts	<u>(1,342)</u>
Present value of net minimum lease payments	<u><u>\$ 15,976</u></u>

**Operating Leases**

MTC conducts some of its operations from office space that is leased under a six-year operating lease which commenced on May 5, 1999. Monthly rent under this lease for the year ended June 30, 2005 and 2004 was \$30,088 and \$30,088, respectively.

Future minimum rental payments required under the above operating leases as of June 30, 2005 are as follows:

<b>Governmental Activities</b>	
<u>Year Ending June 30</u>	<u>Amount</u>
2006	<u>\$ 30,088</u>
Total	<u><u>\$ 30,088</u></u>

**Metropolitan Transportation Commission**  
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**7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of June 30, 2005 is as follows:

Transfer from:	Transfer to:				
	General	AB 664 Net Toll Revenue Reserve	Other Governmental Funds	Capital Projects	Total
Exchange	\$ -	\$ -	\$ -	\$ 1,262,556	\$ 1,262,556
STA	1,033,921	-	-	3,846	1,037,767
BATA	3,287,873	11,913,310	10,839,709	-	26,040,893
SAFE	1,033,516	-	-	-	1,033,516
<b>Total</b>	<b>\$ 5,355,310</b>	<b>\$ 11,913,310</b>	<b>\$ 10,839,709</b>	<b>\$ 1,266,402</b>	<b>\$ 29,374,732</b>

**Due to/from other funds**

Receivable Fund	Payable Fund	Amount
General	BATA	\$ 390,850
General	STA	\$ 52,807
Capital Projects	Exchange	\$ 188,708
SAFE	General	\$ 1,950,911

The composition of interfund balances as of June 30, 2004 is as follows:

Transfer from:	Transfer to:				
	General	AB 664 Net Toll Revenue Reserve	5% Transit Transfers	90% Regional Rail	Total
Exchange	\$ 809,352	\$ -	\$ -	\$ -	\$ 809,352
STA	2,462,271	-	-	-	2,462,271
BATA	1,851,507	12,292,116	989,075	10,030,620	25,163,318
SAFE	1,134,421	-	-	-	1,134,421
<b>Total</b>	<b>\$ 6,257,551</b>	<b>\$ 12,292,116</b>	<b>\$ 989,075</b>	<b>\$ 10,030,620</b>	<b>\$ 29,569,362</b>

**Due to/from other funds**

Receivable Fund	Payable Fund	Amount
General	BATA	\$ 571,892
General	STA	\$ 45,096
General	Exchange	\$ 361,491

# **Metropolitan Transportation Commission**

## **Financial Statements for the years ended June 30, 2005 and 2004**

### **Notes to Financial Statements**

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Transfers are used to move revenues from the fund with collection authority to the program fund that accounts for the various grant programs based on both budgetary and matching fund requirements.

Outstanding receivables and payables between funds are due to timing differences resulting from when expenditures are incurred and reimbursement payments are made.

#### **8. EMPLOYEES' RETIREMENT PLAN AND POSTRETIREMENT BENEFITS**

##### **Plan Description**

MTC's defined benefit pension plan, the Miscellaneous Plan of Metropolitan Transportation Commission ("the Plan"), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

The Plan is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by state statutes within the Public Employees' Retirement Law. The MTC selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

##### **Funding Policy**

Members in the Plan are required to contribute 7 percent of their annual covered salary, which is established by California state statute. However, due to a collective bargaining agreement, MTC has a legal obligation to contribute this 7 percent on behalf of the covered employees. Therefore, employees have no obligation to contribute to the Plan. MTC is also required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its employees. The actuarial methods and assumptions are those adopted and amended by the CalPERS Board of Administration.

##### **Annual Pension Cost**

For the year ended June 30, 2004, because of previously determined actuarial surplus, MTC was not required to make actual cash transfers to PERS. The employer amounts due were deducted from the surplus. The required contribution for the year ended June 30, 2005 was \$1,190,870 determined as part of the June 30, 2003 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses) and (b) projected salary increases that vary by duration of service. Both (a) and (b) include an inflation component of 3.0 percent. The actuarial value of the Plan's asset was determined using a technique that smoothes the effect of short-term volatility in market value of investments over a three-year period depending on the size of investment gains and/or losses.

**Metropolitan Transportation Commission**  
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The following table shows the MTC's required contributions and the percentage contributed for the current year and each of the two preceding years:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
6/30/2003	-	100%
6/30/2004	-	100%
6/30/2005	\$ 1,190,870	100%

The MTC's funding progress information as of June 30, 2003 is illustrated as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability (AAL) Entry Age</u>	<u>Excess of Assets over AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Excess as a Percentage of Covered Payroll</u>
June 30, 2001	\$ 45,552,447	\$ 32,924,078	\$ 12,628,369	138.4%	\$ 9,035,190	139.8%
June 30, 2002	43,102,147	36,565,796	6,536,351	117.9%	10,346,350	63.2%
June 30, 2003	43,680,162	44,901,919	(1,221,757)	97.3%	11,177,301	10.9%

The latest available actuarial valuation was as of June 30, 2003 showing an underfunded status.

**9. COMMITMENTS AND CONTINGENCIES**

MTC's administered projects are subject to audit by the respective grantors. The final determination of allowable project costs can be made only after the grantor's audits are completed and final rulings by the grantor's administrative departments are obtained. Disallowed expenditures, if any, must be borne by nonfederal funds. In the opinion of MTC's management, such disallowances, if any, would not have a material adverse effect on the accompanying government-wide financial statements.

MTC is involved in various claims and litigation that is considered normal to the MTC's regional planning activities. MTC has established a \$1.4 million reserve for use for such contingencies. In the opinion of the MTC's management, the ultimate resolution of these matters will not have a material adverse effect on the MTC's government-wide financial position.

**Commitment and Loan to Bay Area Rapid Transit District**

On March 11, 1999, MTC, the San Mateo County Transit District (Samtrans) and the Bay Area Rapid Transit District (BART) (collectively the Parties) entered into a Memorandum of Understanding (MOU) defining the terms and conditions by which additional funds would be made available for the SFO Extension Project (the Project). On September 1, 1999, the Parties agreed to provide a total of \$198.5 million to the Project, with BART providing \$50 million, Samtrans providing \$72 million, and MTC providing \$76.5 million.

The MTC's commitment included a \$60 million loan (the Loan) for the Project's cash flow requirements and \$16.5 million for additional budget items. In addition, MTC agreed



**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2005 and 2004**  
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to pay for interest and financing costs not to exceed \$11.8 million, for a total commitment of \$88.3 million.

To fund the Loan, MTC has agreed to advance \$60 million from the East Bay Rail Extension Reserve Account (the East Bay Account) for Project cash flows. BART will repay this advance without interest, upon authorization and receipt of federal funds anticipated pursuant to BART's full funding grant agreement with the U.S. Department of Transportation (the FTA grant). MTC further agrees to allocate \$16.5 million to BART from the West Bay Rail Extension Reserve Account (the West Bay Account) for budget items, and utilize a combination of bridge toll revenues and other sources to pay interest and financing costs up to \$11.8 million.

On September 1, 1999, the San Francisco Bay Area Transit Financing Authority (the Authority), a joint powers agency, created pursuant to a joint exercise of powers agreement between BART and MTC, issued \$65,650,000 in Bridge Toll Notes (the Notes). The Notes are limited obligations of the Authority, payable from and collateralized solely by a pledge of bridge toll revenues, from the East Bay Account, allocated to BART by MTC. The Notes are insured by ACA Capital and are to be paid in semi-annual installments until February 1, 2007 at interest rates ranging from 4.25 percent to 5.75 percent. Financial statements of the Authority can be obtained from BART, 300 Lakeside Drive, Oakland, California 94604.

On February 12, 2001, MTC and BART executed an Acknowledgement Agreement (the Agreement) which modified the repayment terms of the Loan. Under the Agreement, MTC has acknowledged that the FTA grant proceeds, originally pledged to repay the Loan, will be pledged and assigned in favor of bonds (the Bonds) issued by the Association of Bay Area Governments to refinance the Notes and finance the Project. The Agreement confirms BART's obligation to repay the Loan, as set forth in the MOU; however, such repayment will be made from the general resources of BART and subject to the prior pledge in favor of the Bonds.

The following schedule provides a summary of MTC's remaining bridge toll allocation commitment to BART:

<b>Governmental Activities</b>	Regional		<u>Total</u>
	Measure I		
	<u>East Bay</u>	<u>West Bay</u>	
<u>Year Ending June 30</u>			
2006	\$ 7,000,000	\$ 3,000,000	\$ 10,000,000
2007	301,000	3,000,000	3,301,000
Total	<u>\$ 7,301,000</u>	<u>\$ 6,000,000</u>	<u>\$ 13,301,000</u>

During the year ended June 30, 2005, MTC paid \$10,000,000 to BART increasing the total loan made to BART to \$56,090,000.

# Metropolitan Transportation Commission

## Financial Statements for the years ended June 30, 2005 and 2004

### Notes to Financial Statements

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#### 10. RISK MANAGEMENT

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

#### 11. SUBSEQUENT EVENT

On July 16, 2005 the California State Legislature approved Assembly Bill (AB) 144, which transferred toll administration responsibility from Caltrans to BATA. This transfer of responsibility includes:

- Consolidation of all toll revenue dollars, including the state seismic toll dollar for the seven bridges, under BATA administration.
- Creation of a new Caltrans, California Transportation Commission, and BATA Toll Bridge Project Oversight Board.
- Unlimited project-level toll-setting authority to complete the Seismic Retrofit program and BATA's responsibilities under the "Act."

AB 144 was signed into law on July 18, 2005 and will subsequently affect many of the financial and covenant footnotes contained in the financial statements. Areas to be impacted are:

<b>Reference</b>	<b>Change</b>
Note 1.A.i. Note 1.N.	BATA will no longer transfer seismic toll revenue to Caltrans
Note 5 under "Toll Revenue Bonds"	BATA will apply to MTC rather than the state to meet toll rate coverage requirements

In addition, BATA approved a financing plan of \$6.2 billion in September 2005 to fund the new seismic retrofit and other toll projects.

## **SUPPLEMENTARY INFORMATION**

**Metropolitan Transportation Commission**  
**Schedule of Expenditures – Governmental General Fund**  
**For the Year Ended June 30, 2005**

**Schedule 1**

Expenditures by natural classification:	
Salaries & benefits	\$ 13,391,311
Travel	254,839
Professional fees	22,359,663
Overhead	2,081,179
Printing & Reproduction	298,472
Other	<u>629,662</u>
Reported as general government expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	
	<u><u>\$ 39,015,126</u></u>
Salaries & benefits - SAFE	
	\$ 820,854
Salaries & benefits - BATA	<u>1,403,665</u>
Total for SAFE and BATA	<u><u>\$ 2,224,519</u></u>

**Metropolitan Transportation Commission**  
**Schedule of Overhead, Salaries and Benefit Expense -**  
**Governmental General Fund**  
**For the Year Ended June 30, 2005**

**Schedule 2**

	Direct Costs	Indirect Costs	Total
Salaries	\$ 8,701,762	\$ 1,712,622	\$ 10,414,384
Benefits	4,455,458	745,989	5,201,447
<b>TOTAL SALARIES AND BENEFITS</b>	<b>\$ 13,157,219</b>	<b>* \$ 2,458,611</b>	<b>\$ 15,615,830</b>
Reimbursable overhead:			
Printing and reprographics		\$ 84,184	\$ 84,184
Computer services		481,583	481,583
Conference and training		45,636	45,636
Auto expense		7,230	7,230
Travel expense/local mileage		40,586	40,586
Transit tickets		6,586	6,586
Meeting room/office rent		202,906	202,906
Office supplies		54,017	54,017
Equipment rental		2,390	2,390
Equipment maintenance and repair		334	334
Mailing and postage		90,561	90,561
Communications		104,721	104,721
Insurance		80,211	80,211
Subscriptions		19,331	19,331
Library acquisitions		7,628	7,628
Personnel recruitment		49,998	49,998
Public hearings		22,694	22,694
County auditor		13,221	13,221
Press clippings		-	-
Provide graphic services		629	629
Law library		16,554	16,554
Parking		20,754	20,754
RAFC maintenance - Third floor		2,940	2,940
Janitorial services		46,676	46,676
Newswire services		3,185	3,185
Utilities		64,228	64,228
Storage rental		15,930	15,930
Advertisement/legal notices		3,748	3,748
Advisory committees		26,924	26,924
Miscellaneous		5,742	5,742
Audio reproduction/supply		1,599	1,599
Equipment less than \$5,000 in cost		4,653	4,653
Memberships		60,820	60,820
Subtotal		1,588,197	1,588,197
Under absorbed for year ended June 30, 2005		(246,706)	(246,706)
Carryforward provision		739,687	739,687
Total indirect costs excluding depreciation expense		2,081,179	2,081,179
Depreciation expense		369,361	369,361
Total indirect costs		<u>\$ 2,450,539</u>	<u>\$ 2,450,539</u>

\*This includes SAFE and BATA.

**Metropolitan Transportation Commission**  
**Schedule of Expenditures - Federal Highway Administration Grant**  
**No. 050WPMTCM**  
**For the Year Ended June 30, 2005**

**Schedule 3**

	ABAG	MTC	Total
<b>Authorized expenditures</b>			
Federal	\$ 743,266	\$ 4,321,600	\$ 5,064,866
Local Match	96,298	559,909	656,207
Total authorized expenditures	<u>839,564</u>	<u>4,881,509</u>	<u>5,721,073</u>
<b>Actual Expenditures *</b>			
ABAG	743,266	-	743,266
MTC			
<i>Program No. Program Name</i>			
1111 Support the Commission		200,000	200,000
1112 Implement Public Information Program		550,000	550,000
1121 Develop and Produce the RTP		546,006	546,006
1122 Travel Models and Data		350,000	350,000
1154 Graphics		-	-
1155 Computer Support		176,017	176,017
1156 Library Services		-	-
1212 Develop MTS Performance Measures		132,185	132,185
1213 Freeway Management Program		130,194	130,194
1221 Implement TransLink		200,000	200,000
1223 Regional Marketing Program		100,000	100,000
1224 Traveler Information Services		-	-
1225 Transit Trip Planning		76,492	76,492
1226 Bicycle Information System		33,345	33,345
1227 Coordination Projects		116,655	116,655
1229 Regional Emergency Response Plan		75,000	75,000
1233 Improve Pavement Management Program (PMP)		280,000	280,000
1234 Arterial Operations Coordination		69,430	69,430
1511 Financial Analysis and Planning		200,000	200,000
1512 Federal Programming, Monitoring and TIP Development		330,633	330,633
1515 State Programming and Project Monitoring		321,822	321,822
Total Expenditures	<u>743,266</u>	<u>3,887,779</u>	<u>4,631,045</u>
Balance of Federal Highway Administration Grant	<u>\$ -</u>	<u>\$ 433,821</u>	<u>\$ 433,821</u>

\* Expenditures reported at federal reimbursement rate (88.53%)

**Metropolitan Transportation Commission  
Balance Sheet – Other Governmental Funds  
For the Year Ended June 30, 2005**

**Schedule 4**

	<u>Rail Reserves</u>	<u>Transit Reserves</u>	<u>Exchange</u>	<u>Feeder Bus</u>	<u>Total Other Funds</u>
<b>Assets</b>					
Cash and cash equivalents - unrestricted	\$ 4,879,627	\$ 1,255,125	\$ 11,307,325	\$ 43,105	\$ 17,485,182
Interest receivable	\$ 687	-	-	-	\$ 687
Total assets	<u>\$ 4,880,314</u>	<u>\$ 1,255,125</u>	<u>\$ 11,307,325</u>	<u>\$ 43,105</u>	<u>\$ 17,485,869</u>
<b>Liabilities and fund balances</b>					
Liabilities					
Accounts Payable	\$ 48,373	\$ 414,804	\$ -	\$ -	\$ 463,177
Due to other funds	-	-	188,708	-	188,708
Total liabilities	<u>48,373</u>	<u>414,804</u>	<u>188,708</u>	<u>-</u>	<u>651,885</u>
Fund balances					
Reserved for					
Encumbrances	1,217,010	598,818	6,679,000	122	8,494,950
Unreserved, reported in					
Special revenue funds	3,614,931	241,503	4,439,617	42,983	8,339,034
Total fund balances	<u>4,831,941</u>	<u>840,321</u>	<u>11,118,617</u>	<u>43,105</u>	<u>16,833,984</u>
<b>Total liabilities and fund balances</b>	<u>\$ 4,880,314</u>	<u>\$ 1,255,125</u>	<u>\$ 11,307,325</u>	<u>\$ 43,105</u>	<u>\$ 17,485,869</u>

**Metropolitan Transportation Commission**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets –**  
**Other Governmental Funds**  
**For the Year Ended June 30, 2005**

**Schedule 5**

	<u>Rail Reserves</u>	<u>Transit Reserves</u>	<u>Exchange</u>	<u>Feeder Bus</u>	<u>Total Other Funds</u>
<b>Revenues</b>					
Grants - State	\$ -	\$ 2,877,999	\$ -	\$ -	\$ 2,877,999
Project grants from local agencies	-	-	-	2,500,000	2,500,000
Investment income	251,199	54,571	232,758	21,454	559,982
Total revenues	251,199	2,932,570	232,758	2,521,454	5,937,981
<b>Expenditures</b>					
Current:					
General government	456	-	-	-	456
Allocations to other agencies	10,067,184	5,311,162	91,174	2,499,878	17,969,398
Total expenditures	10,067,640	5,311,162	91,174	2,499,878	17,969,854
Excess / (deficiency) of revenues over / (under) expenditures	(9,816,441)	(2,378,592)	141,584	21,576	(12,031,873)
<b>Other financing sources / uses</b>					
Transfers in	9,902,721	936,988	-	-	10,839,709
Transfers out	-	-	(1,262,556)	-	(1,262,556)
Total other financing sources and uses	9,902,721	936,988	(1,262,556)	-	9,577,153
<b>Net change in fund balances</b>	86,280	(1,441,604)	(1,120,972)	21,576	(2,454,720)
<b>Fund balances - beginning</b>	4,745,661	2,281,925	12,239,589	21,529	19,288,704
<b>Fund balances - ending</b>	\$ 4,831,941	\$ 840,321	\$ 11,118,617	\$ 43,105	\$ 16,833,984



**Metropolitan Transportation Commission  
Statement of Revenues, Expenses and Changes in  
Fund Net Assets – SAFE Proprietary Fund – By Program  
For the Year Ended June 30, 2005**

**Schedule 6**

	Callbox Program	Freeway Service Patrol Program	Capital Projects	Total
<b>Operating revenues</b>				
Department of Motor Vehicles registration fees	\$ 5,895,417	\$ -	\$ -	\$ 5,895,417
Total operating revenues	5,895,417	-	-	5,895,417
<b>Operating expenses</b>				
Towing contracts	-	7,579,203	-	7,579,203
Professional fees	623,119	278,370	190,296	1,091,785
Salaries and benefits	382,001	438,853	-	820,854
Repairs and maintenance	908,525	62,794	-	971,319
Communications charges	279,784	73,314	-	353,098
Depreciation and amortization	258,365	27,829	-	286,194
Other operating expenses	289,037	397,432	-	686,469
Total operating expenses	2,740,831	8,857,795	190,296	11,788,922
Operating income / (loss)	3,154,586	(8,857,795)	(190,296)	(5,893,505)
<b>Unrestricted non-operating revenues / (expenses)</b>				
Investment income	511,612	-	-	511,612
Other non-operating revenues	(80,267)	-	-	(80,267)
Caltrans/other agency operating grants	-	6,457,277	-	6,457,277
Federal operating grants	-	-	92,275	92,275
Total non-operating revenues, net	431,345	6,457,277	92,275	6,980,897
Income / (loss) before operating and capital transfers	3,585,931	(2,400,518)	(98,021)	1,087,392
Transfers to Metropolitan Transportation Commission	(926,791)	(106,725)	-	(1,033,516)
Transfers between programs	(2,605,264)	2,507,243	98,021	-
Capital contributions between programs	396,578	-	-	396,578
<b>Change in net assets</b>	450,454	-	-	450,454
<b>Total net assets - beginning</b>	26,804,416	-	-	26,804,416
<b>Total net assets - ending</b>	\$27,254,870	-	-	\$27,254,870

**Metropolitan Transportation Commission**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets –**  
**SAFE Proprietary Fund – Call Box Program – By County**  
**For the Year Ended June 30, 2005**

**Schedule 7**

	Alameda	Contra Costa	Marin	Napa	San Francisco	San Mateo	Santa Clara	Solano	Sonoma	Total
Revenues										
Department of Motor Vehicles registration fees	\$ 1,223,596	\$ 871,174	\$ 231,378	\$ 126,214	\$ 482,664	\$ 693,078	\$ 1,447,846	\$ 359,951	\$ 459,516	\$ 5,895,417
Investment earnings and other revenues	89,526	63,740	16,929	9,235	35,315	50,710	105,933	26,336	33,621	431,345
Total Revenues	1,313,122	934,914	248,307	135,449	517,979	743,788	1,553,779	386,287	493,137	6,326,762
Expenses	495,396	425,653	106,927	83,326	50,263	401,080	683,736	252,109	242,341	2,740,831
Income before operating and capital transfers	817,726	509,261	141,380	52,123	467,716	342,708	870,043	134,178	250,796	3,585,931
Interfund transfers	(758,140)	(459,452)	(258,898)	(38,678)	(131,209)	(371,478)	(840,423)	(117,120)	(160,079)	(3,135,477)
Change in net assets	59,586	49,809	(117,518)	13,445	336,507	(28,770)	29,620	17,058	90,717	450,454
Total net assets - beginning	5,726,327	3,360,124	(128,966)	(48,056)	4,195,463	3,182,389	8,120,554	(168,805)	2,565,386	26,804,416
Total net assets - ending	\$ 5,785,913	\$ 3,409,933	\$ (246,484)	\$ (34,611)	\$ 4,531,970	\$ 3,153,619	\$ 8,150,174	\$ (151,747)	\$ 2,656,103	\$ 27,254,870

**Metropolitan Transportation Commission  
Schedule of Computations Demonstrating  
Bond Covenant Compliance – BATA Proprietary Fund  
For the Year Ended June 30, 2005**

**Schedule 8**

	<b>2005</b>	<b>2004</b>
<b>Revenue</b>		
Tolls	\$ 248,140,901	\$ 145,176,202
Investment Income	21,234,931	11,007,091
Other	4,090,014	2,399,717
	<u>273,465,846</u>	<u>158,583,010</u>
<b>Operating expenses</b>		
Operating expenses	37,582,215	44,456,244
Services and charges	16,453,104	3,394,826
Depreciation	336,572	177,274
	<u>54,371,891</u>	<u>48,028,344</u>
Net operating income	219,093,955	110,554,666
Debt service	<u>35,373,668</u>	<u>26,663,420</u>
Income before operating transfers	183,720,287	83,891,246
<b>Operating transfers</b>		
Metropolitan Transportation Commission administrative transfers	3,287,873	1,851,507
Metropolitan Transportation Commission transit transfers		
AB 664 expenses	11,913,310	12,292,116
90% rail expenses	9,902,721	10,030,620
5% transit expenses	936,988	989,075
Transfers to Regional Measure 2 operators	6,817,635	-
	<u>32,858,527</u>	<u>25,163,318</u>
Net income before capital transfers	<u>150,861,760</u>	<u>58,727,928</u>
<b>Capital project transfers</b>		
Regional Measure 1 transfers	309,445,814	362,130,328
Bridge rehabilitation transfers	10,996,642	11,200,785
Regional Measure 2 transfers	13,261,028	-
Transfers to other agencies	3,832,972	3,976,719
	<u>337,536,456</u>	<u>377,307,832</u>
Net loss before capital contribution	(186,674,696)	(318,579,904)
<b>Capital contribution</b>	<u>-</u>	<u>2,397,067</u>
Change in net assets	(186,674,696)	(316,182,837)
<b>Total net assets - beginning</b>	<u>(170,317,550)</u>	<u>145,865,287</u>
<b>Total net assets / (deficit) - ending</b>	<u>\$ (356,992,246)</u>	<u>\$ (170,317,550)</u>

**Metropolitan Transportation Commission**  
**Schedule of Computations Demonstrating**  
**Bond Covenant Compliance – BATA Proprietary Fund, *continued***  
**For the Year Ended June 30, 2005**

**Schedule 8**

	<b>2005</b>	<b>2004</b>
Net operating income	\$ 219,093,955	\$ 110,554,666
Debt service	\$ 35,373,668	\$ 26,663,420
Debt service coverage <sup>1</sup>	6.19	4.15
Debt service coverage - bond covenant requirement	1.00	1.00
Total revenue	\$ 273,465,846	\$ 158,583,010
Fixed charges <sup>2</sup>	\$ 122,604,086	\$ 99,855,082
Fixed charge coverage	2.23	1.59
Fixed charge coverage - bond covenant requirement	1.00	1.00
Total revenue plus operations & maintenance reserve	\$ 398,465,846	\$ 283,583,010
Fixed charges <sup>2</sup>	\$ 122,604,086	\$ 99,855,082
Fixed charge coverage	3.25	2.84
Fixed charge coverage - bond covenant requirement	1.25	1.25
Self insurance reserve	\$ 50,000,000	\$ 50,000,000
Self insurance reserve - bond covenant requirement	\$ 50,000,000	\$ 50,000,000
Operations & maintenance reserve	\$ 125,000,000	\$ 125,000,000
Operations & maintenance reserve - bond coverage requirement	\$ 108,743,782	\$ 96,056,688

<sup>1</sup>Based on debt outstanding from May 24, 2001, February 14, 2003 and October 5, 2004.

<sup>2</sup>Fixed charges comprises operating expenses, debt service and operating transfers.

**Metropolitan Transportation Commission**  
**Schedule of Operating Revenues and Expenses – BATA Proprietary Fund – by Bridge**  
**For the Year Ended June 30, 2005**

**Schedule 9**

	<b>Carquinez Bridge</b>	<b>Benicia- Martinez Bridge</b>	<b>Antioch Bridge</b>	<b>Richmond- San Rafael Bridge</b>	<b>San Francisco Oakland Bay Bridges</b>	<b>San Mateo - Hayward Bridge</b>	<b>Dumbarton Bridge</b>	<b>Total</b>
<b>Operating revenues</b>								
Toll revenues collected by Caltrans	\$ 46,458,835	\$ 36,529,638	\$ 5,850,611	\$ 24,492,701	\$ 85,879,816	\$ 30,369,927	\$ 18,559,373	\$ 248,140,901
Other operating revenues	461,764	366,367	60,683	246,726	810,294	315,054	169,005	2,429,893
Total operating revenues	<u>46,920,599</u>	<u>36,896,005</u>	<u>5,911,294</u>	<u>24,739,427</u>	<u>86,690,110</u>	<u>30,684,981</u>	<u>18,728,378</u>	<u>250,570,794</u>
<b>Operating expenses</b>								
Operating expenditures incurred by Caltrans	6,644,529	5,943,735	1,650,324	4,351,332	17,069,841	5,130,368	3,609,720	44,399,849
Services and charges	2,881,421	2,263,810	333,916	1,565,389	6,000,705	2,063,727	1,344,136	16,453,104
Depreciation	58,951	46,325	6,829	32,009	122,716	42,235	27,508	336,573
Total operating expenses	<u>9,584,901</u>	<u>8,253,870</u>	<u>1,991,069</u>	<u>5,948,730</u>	<u>23,193,262</u>	<u>7,236,330</u>	<u>4,981,364</u>	<u>61,189,526</u>
<b>Operating income</b>	<u>\$ 37,335,698</u>	<u>\$ 28,642,135</u>	<u>\$ 3,920,225</u>	<u>\$ 18,790,697</u>	<u>\$ 63,496,848</u>	<u>\$ 23,448,651</u>	<u>\$ 13,747,014</u>	<u>\$ 189,381,268</u>

**Metropolitan Transportation Commission**  
**Schedule of Paid and Free Vehicles – by Bridge (in Number of Vehicles)**  
**For the Year Ended June 30, 2005**

**Schedule 10**

	<u>San Francisco- Oakland Bay Bridge</u>	<u>San Mateo- Hayward Bridge</u>	<u>Dumbarton Bridge</u>	<u>Carquinez Bridge</u>	<u>Benicia- Martinez Bridge</u>	<u>Antioch Bridge</u>	<u>Richmond- San Rafael Bridge</u>	<u>Toll Traffic Total</u>
Autos, Trucks, Buses & Trailers								
2-Axle	42,704,737	14,376,249	9,134,192	20,397,277	16,407,646	2,276,893	11,335,303	116,632,297
3-Axle	129,143	92,263	40,815	137,365	146,537	42,676	78,359	667,158
4-Axle	87,746	67,840	22,381	115,805	124,512	30,871	61,127	510,282
5-Axle	426,533	251,084	97,015	673,776	424,865	120,222	279,185	2,272,680
6-Axle	7,205	2,586	1,971	17,492	10,725	1,541	4,082	45,602
7-Axle & More	1,833	(602)	1,194	2,510	2,027	64	168	7,194
Subtotal - Paid Vehicles	43,357,197	14,789,420	9,297,568	21,344,225	17,116,312	2,472,267	11,758,224	120,135,213
Free Vehicles	<u>4,735,720</u>	<u>1,762,480</u>	<u>1,482,411</u>	<u>1,758,999</u>	<u>1,145,367</u>	<u>204,002</u>	<u>786,011</u>	<u>11,874,990</u>
Total Vehicles	<u><u>48,092,917</u></u>	<u><u>16,551,900</u></u>	<u><u>10,779,979</u></u>	<u><u>23,103,224</u></u>	<u><u>18,261,679</u></u>	<u><u>2,676,269</u></u>	<u><u>12,544,235</u></u>	<u><u>132,010,203</u></u>

**Metropolitan Transportation Commission**  
**Schedule of Traffic and Toll Revenue for the Carquinez Bridge – BATA Proprietary Fund**  
**For the Year Ended June 30, 2005**

**Schedule 11**

	Number of Westbound Vehicles					Toll Revenues		
	2 Axles	3 or More Axles	Total Toll Vehicles	Free Vehicles	Total Vehicles	2 Axles	3 or More Axles	Total Revenues
July	1,814,909	83,304	1,898,213	171,232	2,069,445	\$ 3,179,763	\$ 664,765	\$ 3,844,528
August	1,831,369	86,159	1,917,528	145,921	2,063,449	3,137,197	691,638	3,828,835
September	1,699,624	82,625	1,782,249	123,766	1,906,015	2,890,122	672,043	3,562,165
October	1,705,729	81,310	1,787,039	134,301	1,921,340	2,892,951	665,019	3,557,970
November	1,609,787	76,267	1,686,054	153,082	1,839,136	3,181,592	624,736	3,806,328
December	1,634,439	78,219	1,712,658	169,385	1,882,043	3,249,782	640,639	3,890,421
January	1,584,593	69,084	1,653,677	154,635	1,808,312	3,167,123	568,522	3,735,645
February	1,518,753	66,882	1,585,635	136,320	1,721,955	3,036,412	544,659	3,581,071
March	1,713,486	79,538	1,793,024	156,727	1,949,751	3,426,328	655,930	4,082,258
April	1,674,022	76,321	1,750,343	125,061	1,875,404	3,347,704	621,918	3,969,622
May	1,751,110	80,165	1,831,275	130,641	1,961,916	3,497,624	650,389	4,148,013
June	1,859,456	87,074	1,946,530	157,928	2,104,458	3,718,912	733,067	4,451,979
Grand Total FY 04-05	<u>20,397,277</u>	<u>946,948</u>	<u>21,344,225</u>	<u>1,758,999</u>	<u>23,103,224</u>	<u>\$38,725,510</u>	<u>\$ 7,733,325</u>	<u>\$ 46,458,835</u>

**Metropolitan Transportation Commission**

**Schedule of Traffic and Toll Revenue for the Benicia-Martinez Bridge – BATA Proprietary Fund**

**For the Year Ended June 30, 2005**

**Schedule 12**

	Number of Westbound Vehicles					Toll Revenues		
	2 Axles	3 or More Axles	Total Toll Vehicles	Free Vehicles	Total Vehicles	2 Axles	3 or More Axles	Total Revenues
July	1,406,046	68,677	1,474,723	97,749	1,572,472	\$ 2,444,252	\$ 512,542	\$ 2,956,794
August	1,443,614	70,531	1,514,145	86,197	1,600,342	2,452,924	536,879	2,989,803
September	1,365,018	66,514	1,431,532	84,002	1,515,534	2,298,508	511,654	2,810,162
October	1,392,929	61,375	1,454,304	94,447	1,548,751	2,348,714	473,151	2,821,865
November	1,298,874	54,727	1,353,601	97,533	1,451,134	2,586,377	424,702	3,011,079
December	1,347,636	51,510	1,399,146	113,989	1,513,135	2,689,530	403,787	3,093,317
January	1,282,879	46,489	1,329,368	102,825	1,432,193	2,565,094	359,670	2,924,764
February	1,206,584	46,462	1,253,046	96,978	1,350,024	2,412,668	361,617	2,774,285
March	1,381,863	55,354	1,437,217	111,293	1,548,510	2,763,475	426,911	3,190,386
April	1,354,878	57,013	1,411,891	75,186	1,487,077	2,709,526	435,502	3,145,028
May	1,410,319	61,072	1,471,391	78,276	1,549,667	2,818,606	460,542	3,279,148
June	1,517,006	68,942	1,585,948	106,892	1,692,840	3,034,010	498,997	3,533,007
Grand Total FY 04-05	<u>16,407,646</u>	<u>708,666</u>	<u>17,116,312</u>	<u>1,145,367</u>	<u>18,261,679</u>	<u>\$31,123,684</u>	<u>\$ 5,405,954</u>	<u>\$36,529,638</u>



**Metropolitan Transportation Commission**  
**Schedule of Traffic and Toll Revenue for the Antioch Bridge – BATA Proprietary Fund**  
**For the Year Ended June 30, 2005**

**Schedule 13**

	Number of Westbound Vehicles					Toll Revenues		
	2 Axles	3 or More Axles	Total Toll Vehicles	Free Vehicles	Total Vehicles	2 Axles	3 or More Axles	Total Revenues
July	215,943	20,302	236,245	21,436	257,681	\$ 390,510	\$ 148,800	\$ 539,310
August	209,264	19,986	229,250	18,316	247,566	370,830	149,952	520,782
September	192,738	18,277	211,015	16,890	227,905	339,475	137,162	476,637
October	183,401	16,531	199,932	17,317	217,249	322,867	125,858	448,725
November	178,070	15,001	193,071	15,508	208,579	352,739	115,238	467,977
December	175,105	13,337	188,442	18,200	206,642	348,958	105,570	454,528
January	162,777	12,279	175,056	15,265	190,321	325,408	96,671	422,079
February	160,002	12,314	172,316	14,323	186,639	319,900	97,245	417,145
March	184,431	14,488	198,919	20,294	219,213	368,812	113,499	482,311
April	182,582	15,766	198,348	15,807	214,155	365,132	121,886	487,018
May	202,889	17,409	220,298	12,518	232,816	405,118	131,377	536,495
June	229,691	19,684	249,375	18,128	267,503	459,382	138,222	597,604
Grand Total FY 04-05	<u>2,276,893</u>	<u>195,374</u>	<u>2,472,267</u>	<u>204,002</u>	<u>2,676,269</u>	<u>\$ 4,369,131</u>	<u>\$ 1,481,480</u>	<u>\$ 5,850,611</u>

**Metropolitan Transportation Commission**

**Schedule of Traffic and Toll Revenue for the Richmond-San Rafael Bridge – BATA Proprietary Fund**

**For the Year Ended June 30, 2005**

**Schedule 14**

	Number of Westbound Vehicles					Toll Revenues		
	2 Axles	3 or More Axles	Total Toll Vehicles	Free Vehicles	Total Vehicles	2 Axles	3 or More Axles	Total Revenues
July	1,005,600	39,315	1,044,915	69,026	1,113,941	\$ 1,659,222	\$ 304,437	\$ 1,963,659
August	1,016,737	40,708	1,057,445	51,864	1,109,309	1,640,714	318,376	1,959,090
September	938,442	38,063	976,505	73,037	1,049,542	1,508,030	300,668	1,808,698
October	950,803	36,825	987,628	62,279	1,049,907	1,518,126	290,991	1,809,117
November	876,192	33,212	909,404	54,690	964,094	1,733,906	262,781	1,996,687
December	903,688	32,213	935,901	68,498	1,004,399	1,798,537	255,631	2,054,168
January	864,212	28,718	892,930	77,093	970,023	1,727,501	224,143	1,951,644
February	831,418	29,301	860,719	58,827	919,546	1,662,407	230,282	1,892,689
March	966,945	34,989	1,001,934	63,950	1,065,884	1,933,687	273,892	2,207,579
April	939,868	34,260	974,128	58,667	1,032,795	1,879,591	269,897	2,149,488
May	991,198	35,846	1,027,044	59,840	1,086,884	1,980,640	281,277	2,261,917
June	1,050,200	39,471	1,089,671	88,240	1,177,911	2,100,399	337,566	2,437,965
Grand Total FY 04-05	<u>11,335,303</u>	<u>422,921</u>	<u>11,758,224</u>	<u>786,011</u>	<u>12,544,235</u>	<u>\$21,142,760</u>	<u>\$ 3,349,941</u>	<u>\$ 24,492,701</u>

# Metropolitan Transportation Commission

## Schedule of Traffic and Toll Revenue for the San Francisco-Oakland Bay Bridge – BATA Proprietary Fund

For the Year Ended June 30, 2005

Schedule 15

	Number of Westbound Vehicles					Toll Revenues		
	2 Axles	3 or More Axles	Total Toll Vehicles	Free Vehicles	Total Vehicles	2 Axles	3 or More Axles	Total Revenues
July	3,673,192	51,377	3,724,569	428,341	4,152,910	\$ 6,370,385	\$ 427,823	\$ 6,798,208
August	3,735,138	58,251	3,793,389	419,463	4,212,852	6,349,807	449,776	6,799,583
September	3,565,763	56,977	3,622,740	382,482	4,005,222	5,975,951	444,169	6,420,120
October	3,620,112	56,921	3,677,033	388,318	4,065,351	6,067,188	444,913	6,512,101
November	3,421,974	54,197	3,476,171	363,112	3,839,283	6,794,616	425,767	7,220,383
December	3,484,456	52,924	3,537,380	421,846	3,959,226	6,941,764	413,479	7,355,243
January	3,380,135	50,139	3,430,274	418,848	3,849,122	6,757,413	392,166	7,149,579
February	3,235,236	47,373	3,282,609	347,267	3,629,876	6,468,854	367,740	6,836,594
March	3,619,916	55,362	3,675,278	413,390	4,088,668	7,238,874	428,068	7,666,942
April	3,553,382	53,307	3,606,689	366,561	3,973,250	7,105,955	415,725	7,521,680
May	3,674,075	57,347	3,731,422	389,943	4,121,365	7,342,578	446,669	7,789,247
June	3,741,358	58,285	3,799,643	396,149	4,195,792	7,482,667	327,469	7,810,136
Grand Total FY 04-05	<u>42,704,737</u>	<u>652,460</u>	<u>43,357,197</u>	<u>4,735,720</u>	<u>48,092,917</u>	<u>\$ 80,896,052</u>	<u>\$ 4,983,764</u>	<u>\$85,879,816</u>

# Metropolitan Transportation Commission

## Schedule of Traffic and Toll Revenue for the San Mateo-Hayward Bridge – BATA Proprietary Fund

For the Year Ended June 30, 2005

Schedule 16

	Number of Westbound Vehicles					Toll Revenues		
	2 Axles	3 or More Axles	Total Toll Vehicles	Free Vehicles	Total Vehicles	2 Axles	3 or More Axles	Total Revenues
July	1,217,555	37,453	1,255,008	174,804	1,429,812	\$ 2,112,832	\$ 282,631	\$ 2,395,463
August	1,253,542	38,747	1,292,289	161,083	1,453,372	2,110,777	293,022	2,403,799
September	1,201,848	36,873	1,238,721	147,867	1,386,588	1,993,986	280,038	2,274,024
October	1,224,511	35,184	1,259,695	142,115	1,401,810	2,029,991	266,981	2,296,972
November	1,145,596	33,694	1,179,290	150,138	1,329,428	2,273,652	257,686	2,531,338
December	1,152,572	31,808	1,184,380	152,453	1,336,833	2,293,557	244,072	2,537,629
January	1,116,760	30,071	1,146,831	159,417	1,306,248	2,232,995	228,630	2,461,625
February	1,083,479	29,082	1,112,561	121,616	1,234,177	2,166,172	220,276	2,386,448
March	1,240,382	34,023	1,274,405	138,892	1,413,297	2,480,366	258,545	2,738,911
April	1,195,396	33,210	1,228,606	126,492	1,355,098	2,390,575	252,114	2,642,689
May	1,238,110	35,463	1,273,573	133,445	1,407,018	2,472,993	268,930	2,741,923
June	1,306,498	37,563	1,344,061	154,158	1,498,219	2,612,994	346,112	2,959,106
Grand Total								
FY 04-05	14,376,249	413,171	14,789,420	1,762,480	16,551,900	\$27,170,890	\$ 3,199,037	\$30,369,927

**Metropolitan Transportation Commission**  
**Schedule of Traffic and Toll Revenue for the Dumbarton Bridge – BATA Proprietary Fund**  
**For the Year Ended June 30, 2005**

**Schedule 17**

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	Number of Westbound Vehicles					Toll Revenues		
	2 Axles	3 or More Axles	Total Toll Vehicles	Free Vehicles	Total Vehicles	2 Axles	3 or More Axles	Total Revenues
July	768,182	13,801	781,983	123,367	905,350	\$ 1,301,470	\$ 103,359	\$ 1,404,829
August	789,547	16,246	805,793	123,400	929,193	1,303,048	118,017	1,421,065
September	760,060	14,222	774,282	126,565	900,847	1,241,975	107,014	1,348,989
October	776,390	14,501	790,891	120,870	911,761	1,265,718	112,369	1,378,087
November	725,755	14,730	740,485	123,000	863,485	1,444,370	115,498	1,559,868
December	717,417	14,288	731,705	126,418	858,123	1,430,723	106,679	1,537,402
January	730,273	12,593	742,866	123,806	866,672	1,459,947	96,771	1,556,718
February	692,446	13,030	705,476	110,996	816,472	1,384,619	98,170	1,482,789
March	788,762	11,843	800,605	132,499	933,104	1,577,379	89,508	1,666,887
April	768,863	11,847	780,710	120,027	900,737	1,537,648	89,493	1,627,141
May	786,002	12,392	798,394	123,251	921,645	1,571,186	92,687	1,663,873
June	830,495	13,883	844,378	128,212	972,590	1,660,989	250,736	1,911,725
Grand Total								
FY 04-05	<u>9,134,192</u>	<u>163,376</u>	<u>9,297,568</u>	<u>1,482,411</u>	<u>10,779,979</u>	<u>\$ 17,179,072</u>	<u>\$ 1,380,301</u>	<u>\$ 18,559,373</u>

**Metropolitan Transportation Commission  
Schedule of Fiduciary Net Assets by Participant  
For the Year Ended June 30, 2005**

**Schedule 18**

	County of Alameda	County of Contra Costa	County of Marin	County of Napa	City/County of San Francisco	County of San Mateo	County of Santa Clara	County of Solano	County of Sonoma	Fiduciary Total
Restricted assets held by participating counties	\$ 17,106,100	\$ 19,021,607	\$ 1,435,140	\$ 9,522,107	\$ 4,783,415	\$ 3,058,380	\$ 5,956,217	\$ 11,826,146	\$ 18,776,441	\$ 91,485,553
Total net assets	\$ 17,106,100	\$ 19,021,607	\$ 1,435,140	\$ 9,522,107	\$ 4,783,415	\$ 3,058,380	\$ 5,956,217	\$ 11,826,146	\$ 18,776,441	\$ 91,485,553
Accounts payable	\$ 4,535,515	\$ 391,151	\$ 165,400	\$ -	\$ 22,235	\$ -	\$ 118,719	\$ 21,790	\$ 806,439	\$ 6,061,249
Due to other governments	12,570,585	18,630,456	1,269,740	9,522,107	4,761,180	3,058,380	5,837,498	11,804,356	17,970,002	85,424,304
Total liabilities	\$ 17,106,100	\$ 19,021,607	\$ 1,435,140	\$ 9,522,107	\$ 4,783,415	\$ 3,058,380	\$ 5,956,217	\$ 11,826,146	\$ 18,776,441	\$ 91,485,553

**Metropolitan Transportation Commission**  
**Schedule of Changes in Fiduciary Net Assets**  
**For the Year Ended June 30, 2005**

**Schedule 19**

	County of Alameda	County of Contra Costa	County of Marin	County of Napa	City/County of San Francisco	County of San Mateo	County of Santa Clara	County of Solano	County of Sonoma	TDA Fiduciary Fund Total	AB1107 Fund Program	Fiduciary Fund Total
Local Transportation Fund	\$ 58,105,165	\$ 32,921,222	\$ 10,108,114	\$ 5,292,650	\$ 31,188,994	\$ 30,188,236	\$ 72,837,803	\$ 14,460,392	\$ 18,084,274	\$ 273,186,850	\$ -	\$ 273,186,850
AB1107 fees	-	-	-	-	-	-	-	-	-	-	59,378,998	59,378,998
Investment earnings	320,968	250,536	17,077	150,845	77,553	60,039	117,381	227,571	382,500	1,604,470	68,524	1,672,994
Total additions	58,426,133	33,171,758	10,125,191	5,443,495	31,266,547	30,248,275	72,955,184	14,687,963	18,466,774	274,791,320	59,447,522	334,238,842
Allocations	54,500,821	28,262,366	9,527,117	3,869,106	27,038,482	28,163,324	69,306,745	11,556,510	18,971,733	251,196,204	59,457,522	310,653,726
Administrative	2,060,649	1,225,569	404,325	211,706	1,247,560	1,022,390	2,596,823	578,416	655,951	10,003,389	-	10,003,389
Total deductions	56,561,470	29,487,935	9,931,442	4,080,812	28,286,042	29,185,714	71,903,568	12,134,926	19,627,684	261,199,593	59,457,522	320,657,115
Change in Net Assets	1,864,663	3,683,823	193,749	1,362,683	2,980,505	1,062,561	1,051,616	2,553,037	(1,160,910)	13,591,727	(10,000)	13,581,727
Net Assets - Beginning	10,705,922	14,946,633	1,075,991	8,159,424	1,780,675	1,995,819	4,785,882	9,251,319	19,130,912	71,832,577	10,000	71,842,577
Net Assets - Ending	\$ 12,570,585	\$ 18,630,456	\$ 1,269,740	\$ 9,522,107	\$ 4,761,180	\$ 3,058,380	\$ 5,837,498	\$ 11,804,356	\$ 17,970,002	\$ 85,424,304	\$ -	\$ 85,424,304

**Metropolitan Transportation Commission  
Schedule of Interest Rate Swap – BATA Proprietary Fund  
For the Year Ended June 30, 2005**

**Schedule 20**

	Series A-2001	Series A-2001	Series B-2001	Series C-2001	Series 2003	Series 2004	Total
Notional amount	\$75,000,000	\$75,000,000	\$75,000,000	\$75,000,000	\$200,000,000	\$300,000,000	\$800,000,000
Trade date	1/10/2002	1/10/2002	1/10/2002	1/10/2002	3/5/2003	8/31/2004	
Swap mode	Cost of fund / 65% LIBOR	Cost of fund / 65% LIBOR	Cost of fund / 65% LIBOR	Cost of fund / 65% LIBOR	65% LIBOR	54% LIBOR +.54	
Maturity	4/1/2036	4/1/2036	4/1/2029	4/1/2025	4/1/2038	4/1/2039	
Basis risk	No***	No***	No***	No***	Yes*	Yes*	
All in rate							
contracted cost	4.090%	4.100%	4.120%	4.110%	4.139%	3.416%	
*ending basis cost - 6/30	0.000%	0.000%	0.000%	0.000%	0.010%	0.010%	
liquidity/remarketing	0.300%	0.300%	0.300%	0.300%	0.300%	0.300%	
	4.390%	4.400%	4.420%	4.410%	4.449%	3.726%	
Counterparty (CP)	Morgan Stanley	Citigroup	AMBAC	AMBAC	AMBAC	AMBAC	
% held by CP - 2001 Swap	25%	25%	See Series C for cumulative	50%	0%	0%	100%
% held by CP - Aggregate	9%	9%	See 2004 for cumulative	See 2004 for cumulative	See 2004 for cumulative	82%	100%
S&P/Moody's	A+/Aa3	AA-/Aa1	AAA/Aaa	AAA/Aaa	AAA/Aaa	AAA/Aaa	
Ratings outlook	Negative/Negative	Stable/Stable	Stable/N.A.	Stable/N.A.	Stable/N.A.	Stable/N.A.	
Termination value	(\$13,324,987)	(\$13,445,364)	(\$12,260,438)	(\$10,616,922)	(\$31,469,050)	(\$16,744,300)	(\$97,861,061)
Due from/(to) to CP							
Credit risk							
CP collateral posting **							
CP < AA	Yes	No	No	No	No	No	
and							
Termination value > \$10,000,000	No	No	No	No	No	No	
Termination risk ****	No	No	No	No	No	No	
Tax risk	Yes	Yes	Yes	Yes	Yes	Yes	
Counterparty default rate	1 Month LIBOR + 1.0%	1 Month LIBOR + 1.0%	1 Month LIBOR + 1.0%	1 Month LIBOR + 1.0%	1 Month LIBOR + 1.0%	1 Month LIBOR + 1.0%	

\* Average basis cost since inception is 16 bps; basis cost is weighted

\*\* Unilateral collateral posing from cp

\*\*\* Yes, upon 2006 conversion to 65% LIBOR index

\*\*\*\* Unilateral termination at BATA's discretion



**Metropolitan Transportation Commission  
Statement of Revenues, Expenditures and Changes  
in Fund Balances – Budget and Actual – General Fund  
For the Year Ended June 30, 2004**

**Schedule 21**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b>Revenues</b>				
Sales taxes for planning activities	\$ 9,185,279	\$ 9,185,279	\$ 9,087,510	\$ (97,769)
Grants - Federal	19,900,536	45,905,775	30,979,398	(14,926,377)
Grants - State	3,409,606	8,151,297	4,607,302	(3,543,995)
Project grants from state and local agencies	2,976,228	3,627,467	3,930,166	302,699
Investment income	600,000	600,000	151,394	(448,606)
Other	1,794,450	2,284,542	-	(2,284,542)
Total revenues	<u>37,866,099</u>	<u>69,754,360</u>	<u>48,755,770</u>	<u>(20,998,590)</u>
<b>Expenditures</b>				
Current:				
General government	34,100,525	69,262,588	44,952,850	24,309,738
Allocations to other agencies	5,679,434	9,952,452	9,807,399	145,053
Capital outlay	525,000	625,000	166,011	458,989
Total expenditures	<u>40,304,959</u>	<u>79,840,040</u>	<u>54,926,260</u>	<u>24,913,780</u>
Deficiency of revenues under expenditures	(2,438,860)	(10,085,680)	(6,170,490)	3,915,190
<b>Other financing sources</b>				
Transfers in	1,672,597	6,009,492	3,400,841	(2,608,651)
<b>Net change in fund balances</b>	<u>(766,263)</u>	<u>(4,076,188)</u>	<u>(2,769,649)</u>	<u>1,306,539</u>
<b>Fund balances - beginning</b>	<u>27,212,151</u>	<u>27,212,151</u>	<u>27,212,151</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 26,445,888</u>	<u>\$ 23,135,963</u>	<u>\$ 24,442,502</u>	<u>\$ 1,306,539</u>

**Metropolitan Transportation Commission  
Statement of Revenues, Expenditures and Changes  
in Fund Balances – Budget and Actual – AB 664 Net Toll Revenue Reserve Fund  
For the Year Ended June 30, 2004**

**Schedule 22**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b>Revenues</b>				
Investment income	\$ -	\$ -	\$ 469,466	\$ 469,466
Total Revenues	-	-	469,466	469,466
<b>Expenditures</b>				
Current:				
General government	-	-	4,085	(4,085)
Allocations to other agencies	12,265,162	47,996,629	24,481,428	23,515,201
Total expenditures	12,265,162	47,996,629	24,485,513	23,511,116
Deficiency of revenues under expenditures	(12,265,162)	(47,996,629)	(24,016,047)	23,980,582
<b>Other financing sources</b>				
Transfers in	12,265,162	12,265,162	12,292,116	26,954
<b>Net change in fund balances</b>	-	(35,731,467)	(11,723,931)	24,007,536
<b>Fund balances - beginning</b>	45,557,827	45,557,827	45,557,827	-
<b>Fund balances - ending</b>	\$ 45,557,827	\$ 9,826,360	\$ 33,833,896	\$ 24,007,536

**Metropolitan Transportation Commission  
Statement of Revenues, Expenditures and Changes  
in Fund Balances – Budget and Actual – State Transit Assistance Fund  
For the Year Ended June 30, 2004**

**Schedule 23**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<b>Revenues</b>				
Project grants from state and local agencies	\$ 37,952,812	\$ 38,363,793	\$ 38,363,796	\$ 3
Investment income	-	148,362	214,226	65,864
Total revenues	37,952,812	38,512,155	38,578,022	65,867
<b>Expenditures</b>				
Current:				
Allocations to other agencies	56,345,038	63,006,616	38,618,599	24,388,017
Excess (deficiency) of revenues over (under) expenditures	(18,392,226)	(24,494,461)	(40,577)	24,453,884
<b>Other financing sources / (uses)</b>				
Transfers (out) / in	-	-	394,439	394,439
<b>Net change in fund balances</b>	(18,392,226)	(24,494,461)	353,862	24,848,323
<b>Fund balances - beginning</b>	26,008,633	26,008,633	26,008,633	-
<b>Fund balances - ending</b>	\$ 7,616,407	\$ 1,514,172	\$ 26,362,495	\$ 24,848,323