

**Report of Independent Auditors**

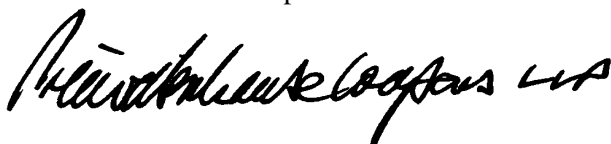
To the Commissioners  
Metropolitan Transportation Commission

In our opinion, the financial statements of the governmental activities and the business-type activities 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 and the business-type activities, at June 30, 2003 and 2002, and the respective changes in financial position and cash flows, where applicable thereof for the year then ended 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 an opinion 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, which 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 3, 2003 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, 2003. 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 12 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.

The supplemental schedules on pages 64 through 82 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 3, 2003

# **Metropolitan Transportation Commission**

## **Financial Statements for the years ended June 30, 2003 and 2002**

### **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 year ended June 30, 2003.

Fiscal year 2003 was a year of fiscal uncertainty for MTC as well as for many public agencies. The Bay Area economy remained sluggish. The region's sales tax revenue decreased for the second straight year. Yet despite this decrease and the economy, there were highlights during the fiscal year as well. Several programs made significant progress during this year.

- The TransLink® program's phase I demonstration phase, universal smart card, came to a successful conclusion. The next phase will be a full rollout for Bay Area public transit agencies.
- The 511 traveler information service, a successor to the Travinfo® system, went live in December 2002.
- The widening of the San Mateo-Hayward Bridge was completed along with the installation of 86 new call boxes on the bridge.
- The Traffic Congestion Relief Program financed a new generation of state of the art, low emission buses for the Regional Express Bus routes developed by MTC in 2001. These routes will help close regional gaps in the regional transit network. The program will cost 40 million dollars when completed.

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

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

For the years ended June 30, 2003 and June 30, 2002 net assets of MTC exceeded its liabilities by \$336,399 and \$583,603 respectively. The decrease was primarily the result of planned project draw downs in the Bay Area Toll Authority (BATA) Regional Measure 1 (RM 1) program.

Net assets in the governmental funds for the year ended June 30, 2003 decreased by \$4,296 as compared to an increase of \$4,247 for the year ended June 30, 2002 as reported under the accrual basis of accounting. Net assets in the governmental funds as of June 30, 2003 decreased by \$11,488 compared to a decrease of \$3,310 for the year ended June 30, 2002 as reported under the modified accrual basis of accounting.

At June 30, 2003 fiscal year, the general fund unrestricted reserves were \$1,953, or 2.2% of total general fund expenditures. The general fund reserves at June 30, 2002 fiscal year were \$13,244. The unreserved general fund balances decreased by \$11,291 mainly due to an increase in restricted reserves.

MTC's long-term debt increased by \$300,000 due to an issuance of toll bridge revenue backed bonds issuance by BATA in February 2003. This 2003 issue was the second in a planned \$1 billion (actual dollars) bridge project financing program.

# **Metropolitan Transportation Commission**

## **Financial Statements for the years ended June 30, 2003 and 2002**

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

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#### **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 change in assets and liabilities of MTC during the 2003 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 2003 and 2002 fiscal year. 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 inter-governmental 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 Service Authority for Freeways and Expressways (SAFE). These funds are further described on page 43 of the footnotes to the financial statements.

The government-wide Statement of Net Assets and Statement of Activities are presented on pages 13-16 of this report with the accompanying footnotes being presented on pages 39-62.

#### **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 inter-governmental 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.

MTC's governmental funds include a general fund and six special revenue funds. 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 six 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, is on pages 17-21 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 22-28 of this report.

# **Metropolitan Transportation Commission**

## **Financial Statements for the years ended June 30, 2003 and 2002**

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

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#### *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 capital improvement program approved by the voters in 1988. 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 29-36.

#### *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 (AB1107) 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 AB1107 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 pages 37-38 of this report.

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

The notes to the financial statements, beginning on page 39, provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

#### **E. Government-wide Financial Analysis**

Total government-wide assets exceeded liabilities for fiscal 2003 by \$336,399 and by \$583,603 for fiscal 2002 as illustrated in the following table. The decrease in net assets was due to additional liability resulting from the issuance of \$300,000 in Bridge Toll revenue bonds for BATA and an increase in other liabilities of \$41,581. The increase in liabilities was offset by an increase of \$103,534 to cash and investments resulting from the bond issuance.

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2003 and 2002**  
**Management's Discussion and Analysis (unaudited), *continued***

i.) Statement of Net Assets

| Metropolitan Transportation Commission Net Assets (\$000) |                   |                   |                   |                   |                   |                   |
|-----------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                                           | Governmental      |                   | Business Type     |                   | Total             |                   |
|                                                           | Activities        |                   | Activities        |                   |                   |                   |
|                                                           | 2003              | 2002              | 2003              | 2002              | 2003              | 2002              |
| Cash and investments                                      | \$ 116,771        | \$ 100,833        | \$ 863,450        | \$ 775,854        | \$ 980,221        | \$ 876,687        |
| Receivables                                               | 29,318            | 43,066            | 37,636            | 44,556            | 66,954            | 87,622            |
| Other assets                                              | 508               | 406               | 8,414             | 5,127             | 8,922             | 5,533             |
| Loan to other agencies                                    | 39,935            | 32,440            | 2,003             | 2,003             | 41,938            | 34,443            |
| Capital assets                                            | 3,146             | 3,466             | 2,137             | 1,274             | 5,283             | 4,740             |
| <b>Total assets</b>                                       | <b>189,678</b>    | <b>180,211</b>    | <b>913,640</b>    | <b>828,814</b>    | <b>1,103,318</b>  | <b>1,009,025</b>  |
| Long term debt, net                                       | -                 | -                 | 701,245           | 401,329           | 701,245           | 401,329           |
| Other liabilities                                         | 25,626            | 11,863            | 40,048            | 12,230            | 65,674            | 24,093            |
| <b>Total liabilities</b>                                  | <b>25,626</b>     | <b>11,863</b>     | <b>741,293</b>    | <b>413,559</b>    | <b>766,919</b>    | <b>425,422</b>    |
| Net assets:                                               |                   |                   |                   |                   |                   |                   |
| Invested in capital assets,<br>net of related debt        | 3,146             | 3,466             | 2,137             | 1,274             | 5,283             | 4,740             |
| Restricted                                                | 123,857           | 101,516           | 130,000           | 125,000           | 253,857           | 226,516           |
| Unrestricted                                              | 37,049            | 63,366            | 40,210            | 288,981           | 77,259            | 352,347           |
| <b>Total net assets</b>                                   | <b>\$ 164,052</b> | <b>\$ 168,348</b> | <b>\$ 172,347</b> | <b>\$ 415,255</b> | <b>\$ 336,399</b> | <b>\$ 583,603</b> |

At June 30, 2003, MTC reported positive balances in all categories of net assets; for the government as a whole, as well as for its separate governmental and business-type activities. The same was true for the 2002 year.

Total restricted assets increased by \$27,341 during the year ended June 30, 2003. This increase includes \$5,000 from the business type activities due to an increase in the reserve requirement for the operating and maintenance reserve for the BATA bonds. The remaining increase of \$22,341 relates to governmental activities. This consists of an increase of \$14,396 in the reserve for encumbrances and other reserves set aside by the Commission. The remaining \$7,945 is an increase in a long term receivable from the Bay Area Rapid Transit District, pertaining to the funding of the SFO Extension Project. Total unrestricted net assets decreased by \$275,088. The governmental funds accounted for \$26,317 of this decrease and the business-type activities accounted for \$248,771. The decrease in the governmental funds is mainly due to an increase in allocation expense and a decrease in state transit revenue. The ongoing \$1.6 billion (actual dollars) RM-1 capital improvement program accounted for \$242,908 of the business-type activities decrease.

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2003 and 2002**  
**Management's Discussion and Analysis (unaudited), *continued***

ii) Statement of Activities

MTC's net assets for governmental activities decreased by \$4,296 during fiscal year 2003. A breakdown of this activity is illustrated in the table below:

| <u>Metropolitan Transportation Commission's Changes in Net Assets (\$000)</u> |                   |                   |                   |                   |                   |                   |
|-------------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                                                               | Governmental      |                   | Business Type     |                   | Total             |                   |
|                                                                               | Activities        |                   | Activities        |                   |                   |                   |
|                                                                               | 2003              | 2002              | 2003              | 2002              | 2003              | 2002              |
| <b>Revenues:</b>                                                              |                   |                   |                   |                   |                   |                   |
| <b>Program revenues:</b>                                                      |                   |                   |                   |                   |                   |                   |
| Charges for services                                                          | \$ -              | \$ -              | \$ 151,914        | \$ 150,128        | \$ 151,914        | \$ 150,128        |
| Operating grants and contributions                                            | 48,068            | 47,069            | 7,074             | 7,068             | 55,142            | 54,137            |
| Capital grants and contributions                                              | 72,345            | 64,472            | -                 | -                 | 72,345            | 64,472            |
| <b>General revenues:</b>                                                      |                   |                   |                   |                   |                   |                   |
| Investment earnings                                                           | 1,764             | 4,375             | 25,793            | 45,598            | 27,557            | 49,973            |
| <b>Total revenues</b>                                                         | <b>122,177</b>    | <b>115,916</b>    | <b>184,781</b>    | <b>202,794</b>    | <b>306,958</b>    | <b>318,710</b>    |
| <b>Expenses:</b>                                                              |                   |                   |                   |                   |                   |                   |
| General government                                                            | 48,571            | 45,895            | -                 | -                 | 48,571            | 45,895            |
| Allocations to other agencies                                                 | 105,152           | 92,787            | -                 | -                 | 105,152           | 92,787            |
| Toll bridge activities                                                        | -                 | -                 | 390,063           | 347,029           | 390,063           | 347,029           |
| Congestion relief                                                             | -                 | -                 | 10,376            | 9,251             | 10,376            | 9,251             |
| <b>Total expenses</b>                                                         | <b>153,723</b>    | <b>138,682</b>    | <b>400,439</b>    | <b>356,280</b>    | <b>554,162</b>    | <b>494,962</b>    |
| Increase in net assets before transfers                                       | (31,546)          | (22,766)          | (215,658)         | (153,486)         | (247,204)         | (176,252)         |
| Transfers in (out)                                                            | 27,250            | 27,013            | (27,250)          | (27,013)          | -                 | -                 |
| Increase (decrease) in net assets                                             | (4,296)           | 4,247             | (242,908)         | (180,499)         | (247,204)         | (176,252)         |
| Net assets - beginning                                                        | 168,348           | 164,101           | 415,255           | 595,754           | 583,603           | 759,855           |
| Net assets - ending                                                           | <b>\$ 164,052</b> | <b>\$ 168,348</b> | <b>\$ 172,347</b> | <b>\$ 415,255</b> | <b>\$ 336,399</b> | <b>\$ 583,603</b> |

Allocations to other agencies increased by \$12,365 due primarily to expenditures of \$34,952 for Regional Express Buses, as well as a reduction in expenditures by \$23,939 for the STA and AB664 programs due to decreased revenues.

The toll bridge activities expenses increased by \$43,034 due to an increase in capital transfers of \$29,548 and an increase in operating expenses incurred by the State of California Department of Transportation (Caltrans) of \$6,440. Interest expense also increased by \$7,083.

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2003 and 2002**  
**Management's Discussion and Analysis (unaudited), *continued***

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

The following table shows the results of operations for the two years.

| <u>Business Type Funds (\$000)</u>            |    | 2003      | 2002       | % inc/(dec) |
|-----------------------------------------------|----|-----------|------------|-------------|
| Revenues:                                     |    |           |            |             |
| Toll revenues collected by Caltrans           | \$ | 144,200   | \$ 142,337 | 1.3%        |
| Other operating revenues                      |    | 7,734     | 7,797      | -0.8%       |
| Total revenues                                |    | 151,934   | 150,134    | 1.2%        |
| Operating expenses:                           |    |           |            |             |
| Operating expenses incurred by Caltrans       |    | 35,717    | 29,277     | 22.0%       |
| Other operating expenses                      |    | 13,495    | 12,408     | 8.8%        |
| Total operating expenses                      |    | 49,212    | 41,685     | 18.1%       |
| Operating income/(loss)                       |    | 102,722   | 108,449    | -5.3%       |
| Non-operating revenues/(expenses)             |    |           |            |             |
| Interest income                               |    | 25,697    | 45,532     | -43.6%      |
| Interest expense                              |    | (20,441)  | (13,358)   | 53.0%       |
| Other                                         |    | 7,150     | 7,128      | 0.3%        |
|                                               |    | 12,406    | 39,302     | -68.4%      |
| Income before operating and capital transfers |    | 115,128   | 147,751    | -22.1%      |
| Transfers                                     |    | (27,250)  | (27,012)   | 0.9%        |
| Net income before capital transfers           |    | 87,878    | 120,739    | -27.2%      |
| Capital transfers                             |    | (330,786) | (301,238)  | 9.8%        |
| Change in net assets                          |    | (242,908) | (180,499)  | 34.6%       |
| Total net assets - beginning                  |    | 415,255   | 595,754    | -30.3%      |
| Total net assets - ending                     | \$ | 172,347   | \$ 415,255 | -58.5%      |

Toll revenue for the seven bridges increased by \$1,863, an increase of 1.3% from the previous year. The increase resulted from a nominal increase in vehicle traffic.

Operating expenses incurred by Caltrans increased 22% put the ETC Processing Center into full operation. Through 2002, Caltrans was in the process of developing the Concord Processing Center for Electronic Toll Collection. The \$6,440 increase in operating costs for the Center was in line with projected costs.

Interest income decreased by 44% due to lower interest rates and a reduction in cash balances resulting from ongoing bridge construction. Interest expense increased by \$7,083 due to an additional bond

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2003 and 2002**  
**Management's Discussion and Analysis (unaudited), *continued***

issuance of \$300,000 in February 2003, which resulted in added interest in fiscal 2003 of \$3,288. Interest expense recorded on the 2001 toll revenue bonds increased by \$3,795 due to the interest rate swap entered in February 2002.

**G. Financial Analysis of Governmental Activities**

The fund balance of the MTC governmental funds was \$121,027 and \$132,515 for fiscal years 2003 and 2002 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 \$61,340 is reserved for encumbrances for fiscal 2003 and \$56,546 for fiscal 2002. A reserve of \$35,601 and \$50,194 for fiscal 2003 and 2002, respectively, is to be used for purposes specific to the special revenue funds. An amount of \$22,133 of the fund balance for 2003 and \$12,530 for 2002 has been reserved for specific Commission or other legal purposes. The remaining balance of \$1,953 for 2003 and \$13,245 for 2002 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 21 for a reconciliation between the governmental funds to the Statement of Activities.

|                                  | <u>Governmental Funds (\$000)</u> |            |             |
|----------------------------------|-----------------------------------|------------|-------------|
|                                  | 2003                              | 2002       | % inc/(dec) |
| Revenues:                        |                                   |            |             |
| Sales taxes                      | \$ 8,903                          | \$ 9,327   | -4.5%       |
| Grants- Federal                  | 28,129                            | 24,334     | 15.6%       |
| Grants- State and other agencies | 83,381                            | 77,881     | 7.1%        |
| Investment income                | 1,764                             | 4,374      | -59.7%      |
| Total revenues                   | 122,177                           | 115,916    | 5.4%        |
| Expenditures:                    |                                   |            |             |
| Current:                         |                                   |            |             |
| General government               | 48,211                            | 45,502     | 6.0%        |
| Allocations to other agencies    | 112,648                           | 100,528    | 12.1%       |
| Capital outlay                   | 56                                | 209        | -73.2%      |
| Total expenditures               | 160,915                           | 146,239    | 10.0%       |
| Transfers in                     | 27,250                            | 27,013     | 0.9%        |
| Net change in fund balance       | (11,488)                          | (3,310)    | 247.1%      |
| Fund balance - beginning         | 132,515                           | 135,825    | -2.4%       |
| Fund balance - ending            | \$ 121,027                        | \$ 132,515 | -8.7%       |

MTC's sales tax revenue decreased for the second straight year. The federal grant revenue increased mainly due to work on the TravInfo@/511 project. The increase in state and other agency grant revenue was mainly due to a new Traffic Congestion Relief grant for the Express Bus Program for \$34,952. This increase in state and other agency grant revenue was offset partially by a State Transit Assistance revenue decrease of \$27,080 or 42.0% during fiscal 2003. Investment income declined due to the lower interest rates in fiscal 2003.



**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2003 and 2002**  
**Management's Discussion and Analysis (unaudited), *continued***

Total expenditures increased by 10% from fiscal 2002 to 2003. The increase in general government expenditures was primarily due to increase in employee salaries and benefits of \$1,463 and professional fees of \$1,220. Allocations to other agencies increased mainly due to the funds paid to transit operators for the Express Bus Program in 2003 of \$34,952. At the same time, allocations from the STA and AB664 funds decreased by \$23,938.

The deficit for fiscal years 2003 and 2002 was covered by unreserved fund balances.

*i) General Fund*

The final fiscal year 2003 general fund revenue budget for MTC for the year was \$106,756 an increase of \$52,574 over the original budget adopted on July 1, 2002. The following provides a condensed view of the final budgeted results compared to actual results for the year ended June 30, 2003.

|                            | General Fund Budget |              |           |            |
|----------------------------|---------------------|--------------|-----------|------------|
|                            | Adopted Budget      | Final Budget | Actual    | Variance   |
| Revenues                   | \$ 61,889           | \$ 106,756   | \$ 78,062 | \$ 28,694  |
| Expenditures               | 66,799              | 124,128      | 88,208    | 35,920     |
| Excess/(Deficiency)        | (4,910)             | (17,372)     | (10,146)  | (7,226)    |
| Transfers in               | 4,135               | 12,307       | 8,125     | 4,182      |
| Net Change in Fund Balance | (775)               | (5,065)      | (2,021)   | (3,044)    |
| Fund balance - beginning   | 29,234              | 29,234       | 29,234    | -          |
| Fund balance - ending      | \$ 28,459           | \$ 24,169    | \$ 27,213 | \$ (3,044) |

The principal reason for the increase in the final budget from the adopted budget was due to a carryover of prior year funding and a new forty million dollar grant for the Express Bus Program.

The expenditure 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 \$2,021 after transfers.

The general fund's fund balance decreased by \$2,021 at June 30, 2003 due to an increase in general government expenditures.

*ii) Other Major Funds*

The budget for the other major funds are included on pages 23-28. The expenditures in all these funds were under budget. MTC has seven major governmental funds, including the general fund. Four of these funds are being reported as major funds as they are of particular interest to certain financial statement users.

The AB664 Net Toll revenue fund's fund balance increased by \$1,687 in fiscal 2003 due to a decrease in allocations expense for the year. The STA fund balance decreased by \$9,682 at June 30, 2003 due to a decrease in the state transit assistance revenue.

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2003 and 2002**  
**Management's Discussion and Analysis (unaudited), *continued***

**H. Fiduciary Funds**

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

|                                          | Fiduciary Funds (\$000) |             |             |             |            |             |
|------------------------------------------|-------------------------|-------------|-------------|-------------|------------|-------------|
|                                          | TDA Fund                |             |             | AB1107 Fund |            |             |
|                                          | 2003                    | 2002        | % inc/(dec) | 2003        | 2002       | % inc/(dec) |
| <b>Additions:</b>                        |                         |             |             |             |            |             |
| Local Transportation Fund                | \$ 254,381              | \$ 266,473  | -4.5%       | \$ -        | \$ -       | -           |
| AB1107 Fees                              | -                       | -           | -           | 55,819      | 57,601     | -3.1%       |
| Investment income                        | 1,908                   | 3,763       | -49.3%      | 121         | 755        | -84.0%      |
| Total additions                          | 256,289                 | 270,236     | -5.2%       | 55,940      | 58,356     | -4.1%       |
| <b>Deductions:</b>                       |                         |             |             |             |            |             |
| Allocations                              | 231,734                 | 325,552     | -28.8%      | 64,820      | 61,957     | 4.6%        |
| Administrative Expenses                  | 9,712                   | 10,185      | -4.6%       | -           | -          | -           |
| Total deductions                         | 241,446                 | 335,737     | -28.1%      | 64,820      | 61,957     | 4.6%        |
| Net of additions over (under) deductions | \$ 14,843               | \$ (65,501) | -122.7%     | \$ (8,880)  | \$ (3,601) | 146.6%      |

The sales tax revenue declined for the second straight year in the region. Sales tax revenue for the TDA funds decreased from \$266,473 in fiscal 2002 to \$254,381, a decrease of 4.5% in fiscal 2003. Allocation expense decreased from \$325,552 in fiscal 2002 to \$231,734 in fiscal 2003 for a decrease of 28.8%. The decrease in allocations is also attributable to some of the reserves being used up in fiscal 2002 to help alleviate the shortfall in that year. Sales tax revenue for the AB1107 fund decreased from \$57,601 in fiscal 2002 to \$55,819 in fiscal 2003 for a decrease of 3.1%.

**I. Capital Asset Administration**

MTC's investment in capital assets for all funds, governmental and proprietary is \$5,283 as reported under the accrual basis of accounting. This investment in capital assets includes furniture and equipment, as well as improvements to the SAFE Callbox system. Eighty-six new call boxes were installed on the San Mateo-Hayward Bridge after completion of the bridge widening project. Assets relating to the seven state-owned bridges administered by BATA are recorded with Caltrans.

Additional information on the MTC's capital assets are disclosed in note 3 on pages 50-51 of this report.

**J. Long-Term Debt Administration**

The only long-term debt issued by MTC is \$700 million (actual dollars) in bridge toll revenue bonds issued by BATA as part of its \$1.6 billion (actual dollars) RM-1 bridge construction and rehabilitation program. The following is a summary of the debt and interest rate swap transactions in place at June 30, 2003:

In January 2001, BATA completed the first \$400 million (actual dollars) phase of a planned \$1 billion (actual dollars) construction funding program. The 2001 financing consisted of \$300 million (actual dollars) variable rate debt with \$100 million (actual dollars) in fixed rate debt. The floating rate bonds have a final maturity of 2036 and the fixed rate bonds a final maturity of 2018.

# Metropolitan Transportation Commission

## Financial Statements for the years ended June 30, 2003 and 2002

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

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In May 2001, BATA completed a \$300 million (actual dollars), 35 year, floating-to-fixed rate swap with three counter-parties: AMBAC-FS LLP – \$150 million, CitiCorp and Morgan Stanley – \$75 million each. BATA pays a fixed rate (ranging from 4.09% to 4.10%) and receives the actual variable rate payment for years 1 through 4 and a rate based on 65% of LIBOR through 2036, the remaining term of the original financing. The AMBAC-FS LLP transaction is insured as to BATA and AMBAC-FS LLP (counter-party) default by a policy underwritten by AMBAC-Assurance Corporation.

In May 2002, BATA also completed a contract with AMBAC Financial Services to swap a future \$200 million (actual dollars) floating rate issue to a synthetic fixed-rate. The \$200 million (actual dollars) in variable rate demand obligation (VRDO) was subsequently issued in March 2003. BATA will pay a fixed payment of 4.14% and receive a floating rate payment based on 65% of the weekly LIBOR index. The transaction is insured against default, both BATA and the counter-party, by AMBAC Assurance Corporation.

BATA maintains long and short-term ratings from Standard & Poor's, Fitch Ratings, as well as Moody's Investors Services. At June 30, 2003, those ratings are:

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

In addition, both the 2001 and 2003 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 written by AMBAC Assurance.

Additional information on MTC's long-term debt can be found in note 4 on pages 52-57 of this report.

#### **K. Economic Factors Impacting MTC**

A general economic slowdown which began in fiscal year 2001 will continue to impact the Bay Area and transportation capacity. General factors include:

- Area unemployment is above 6.0%, up from 5.4% in 2002.
- There was a general decline in sales tax revenue. Region-wide revenue declined for a second straight year, down 16% below the high of fiscal year 2001. Sales tax revenue for fiscal 2003 declined in five of the nine counties, and two of the other counties were unchanged from the 2002 year.
- While federal funding has not decreased with the economic slowdown, MTC will face reauthorization of the TEA 21 (renamed SAFETEA) in fiscal year 2004, which impacts region-wide funding.
- Interest rates remained at historical low levels drastically reducing any potential investment earnings as a revenue source.

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2003 and 2002**  
**Management's Discussion and Analysis (unaudited), *continued***

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While these factors are critical to the region-wide transportation planning and funding which is MTC's principal task, these factors are not expected to significantly impact MTC operations nor the operations of SAFE or BATA.

**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, 2003**

|                                                  | Primary Government         |                             |                |
|--------------------------------------------------|----------------------------|-----------------------------|----------------|
|                                                  | Governmental<br>Activities | Business-type<br>Activities | Total          |
| <b>Assets</b>                                    |                            |                             |                |
| Cash and cash equivalents - unrestricted         | \$ 96,454,953              | \$ 390,384,373              | \$ 486,839,326 |
| Cash and cash equivalents - restricted           | 5,187,787                  | -                           | 5,187,787      |
| Investments - unrestricted                       | 15,128,313                 | 343,065,198                 | 358,193,511    |
| Investments - restricted                         | -                          | 130,000,000                 | 130,000,000    |
| Receivables:                                     |                            |                             |                |
| Accounts and tolls due                           | 387,647                    | 3,727,415                   | 4,115,062      |
| Interest                                         | 116,846                    | 6,675,929                   | 6,792,775      |
| State funding                                    | 19,673,235                 | 8,109,760                   | 27,782,995     |
| Federal funding                                  | 7,437,686                  | 1,346,090                   | 8,783,776      |
| Maintenance funding                              | -                          | 17,776,724                  | 17,776,724     |
| Indirect cost recovery                           | 1,702,560                  | -                           | 1,702,560      |
| Prepaid items                                    | 508,682                    | 490,347                     | 999,029        |
| Bond issuance costs                              | -                          | 7,924,365                   | 7,924,365      |
| Loan to other agencies                           | 39,935,000                 | 2,002,933                   | 41,937,933     |
| Capital assets (net of accumulated depreciation) | 3,145,598                  | 2,137,004                   | 5,282,602      |
|                                                  |                            |                             |                |
| Total assets                                     | 189,678,307                | 913,640,138                 | 1,103,318,445  |
| <b>Liabilities</b>                               |                            |                             |                |
| Accounts payable and other current liabilities   | 19,853,439                 | 1,408,241                   | 21,261,680     |
| Accrued liabilities                              | 5,671,046                  | 3,125,914                   | 8,796,960      |
| Due to/(from) other funds                        | 46,356                     | (46,356)                    | -              |
| Due to Caltrans                                  | -                          | 35,560,472                  | 35,560,472     |
| Noncurrent liabilities:                          |                            |                             |                |
| Long-term capital leases:                        |                            |                             |                |
| Due within one year                              | 24,476                     | -                           | 24,476         |
| Due in more than one year                        | 30,521                     | -                           | 30,521         |
| Long-term debt, net                              | -                          | 701,244,921                 | 701,244,921    |
|                                                  |                            |                             |                |
| Total liabilities                                | 25,625,838                 | 741,293,192                 | 766,919,030    |
| <b>Net Assets</b>                                |                            |                             |                |
| Invested in capital assets, net of related debt  | 3,145,598                  | 2,137,004                   | 5,282,602      |
| Restricted for:                                  |                            |                             |                |
| Capital projects                                 | 61,339,974                 | -                           | 61,339,974     |
| Other purposes                                   | 62,068,118                 | 130,000,000                 | 192,068,118    |
| Unrestricted                                     | 37,498,779                 | 40,209,942                  | 77,708,721     |
|                                                  |                            |                             |                |
| Total net assets                                 | \$ 164,052,469             | \$ 172,346,946              | \$ 336,399,415 |

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

**Metropolitan Transportation Commission**  
**Statement of Net Assets**  
**June 30, 2002**

|                                                  | Primary Government         |                             |                       |
|--------------------------------------------------|----------------------------|-----------------------------|-----------------------|
|                                                  | Governmental<br>Activities | Business-type<br>Activities | Total                 |
| <b>Assets</b>                                    |                            |                             |                       |
| Cash and cash equivalents - unrestricted         | \$ 68,403,136              | \$ 286,638,434              | \$ 355,041,570        |
| Investments - unrestricted                       | 32,430,150                 | 364,215,410                 | 396,645,560           |
| Investments - restricted                         | -                          | 125,000,000                 | 125,000,000           |
| Receivables:                                     |                            |                             |                       |
| Accounts and tolls due                           | 494,479                    | 4,125,638                   | 4,620,117             |
| Interest                                         | 502,900                    | 9,473,977                   | 9,976,877             |
| State funding                                    | 35,397,349                 | 7,154,081                   | 42,551,430            |
| Federal funding                                  | 5,587,370                  | 1,171,980                   | 6,759,350             |
| Maintenance funding                              | -                          | 22,027,480                  | 22,027,480            |
| Indirect cost recovery                           | 1,083,593                  | -                           | 1,083,593             |
| Other                                            | -                          | 603,083                     | 603,083               |
| Prepaid items                                    | 406,276                    | 507,177                     | 913,453               |
| Bond issuance costs                              | -                          | 4,620,120                   | 4,620,120             |
| Loan to other agencies                           | 32,440,000                 | 2,002,933                   | 34,442,933            |
| Capital assets (net of accumulated depreciation) | 3,465,851                  | 1,273,731                   | 4,739,582             |
|                                                  | <u>180,211,104</u>         | <u>828,814,044</u>          | <u>1,009,025,148</u>  |
| <b>Liabilities</b>                               |                            |                             |                       |
| Accounts payable and other current liabilities   | 8,754,202                  | 1,347,958                   | 10,102,160            |
| Accrued liabilities                              | 2,320,431                  | 2,791,850                   | 5,112,281             |
| Due to/(from) other funds                        | 716,114                    | (716,114)                   | -                     |
| Due to Caltrans                                  | -                          | 8,806,834                   | 8,806,834             |
| Noncurrent liabilities:                          |                            |                             |                       |
| Long-term capital leases:                        |                            |                             |                       |
| Due within one year                              | 25,231                     | -                           | 25,231                |
| Due in more than one year                        | 46,708                     | -                           | 46,708                |
| Long-term debt, net                              | -                          | 401,328,849                 | 401,328,849           |
|                                                  | <u>11,862,686</u>          | <u>413,559,377</u>          | <u>425,422,063</u>    |
| <b>Net Assets</b>                                |                            |                             |                       |
| Invested in capital assets, net of related debt  | 3,465,851                  | 1,273,731                   | 4,739,582             |
| Restricted for:                                  |                            |                             |                       |
| Capital projects                                 | 56,546,243                 | -                           | 56,546,243            |
| Other purposes                                   | 44,969,896                 | 125,000,000                 | 169,969,896           |
| Unrestricted                                     | 63,366,428                 | 288,980,936                 | 352,347,364           |
|                                                  | <u>\$168,348,418</u>       | <u>\$ 415,254,667</u>       | <u>\$ 583,603,085</u> |

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

**Metropolitan Transportation Commission**  
**Statement of Activities**  
**For the Year Ended June 30, 2003**

|                                      | Expenses       | Primary Revenues        |                                          |                                        |                              | Net (Expense) Revenue and<br>Changes in Net Assets |                             |                |
|--------------------------------------|----------------|-------------------------|------------------------------------------|----------------------------------------|------------------------------|----------------------------------------------------|-----------------------------|----------------|
|                                      |                | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Total<br>Program<br>Revenues | Governmental<br>Activities                         | Business-type<br>Activities | Total          |
| <b>Functions</b>                     |                |                         |                                          |                                        |                              |                                                    |                             |                |
| <i>Governmental Activities:</i>      |                |                         |                                          |                                        |                              |                                                    |                             |                |
| General government                   | \$ 48,570,719  | \$ -                    | \$ 43,404,229                            | \$ -                                   | \$ 43,404,229                | \$ (5,166,490)                                     | \$ -                        | \$ (5,166,490) |
| Allocations to other agencies        | 105,152,624    | -                       | 4,664,094                                | 72,344,529                             | 77,008,623                   | (28,144,001)                                       | -                           | (28,144,001)   |
| Total governmental activities        | 153,723,343    | -                       | 48,068,323                               | 72,344,529                             | 120,412,852                  | (33,310,491)                                       | -                           | (33,310,491)   |
| <i>Business-type Activities:</i>     |                |                         |                                          |                                        |                              |                                                    |                             |                |
| Toll bridge activities               | 390,063,272    | 146,105,106             | 305,004                                  | -                                      | 146,410,110                  | -                                                  | (243,653,162)               | (243,653,162)  |
| Congestion relief                    | 10,375,587     | 5,809,298               | 6,768,664                                | -                                      | 12,577,962                   | -                                                  | 2,202,375                   | 2,202,375      |
| Total business-type activities       | 400,438,859    | 151,914,404             | 7,073,668                                | -                                      | 158,988,072                  | -                                                  | (241,450,787)               | (241,450,787)  |
| Total primary government             | \$ 554,162,202 | \$ 151,914,404          | \$ 55,141,991                            | \$ 72,344,529                          | \$ 279,400,924               | (33,310,491)                                       | (241,450,787)               | (274,761,278)  |
| General revenues:                    |                |                         |                                          |                                        |                              |                                                    |                             |                |
| Unrestricted investment earnings     |                |                         |                                          |                                        |                              | 1,764,255                                          | 25,793,353                  | 27,557,608     |
| Transfers                            |                |                         |                                          |                                        |                              | 27,250,287                                         | (27,250,287)                | -              |
| Total general revenues and transfers |                |                         |                                          |                                        |                              | 29,014,542                                         | (1,456,934)                 | 27,557,608     |
| <b>Change in net assets</b>          |                |                         |                                          |                                        |                              | (4,295,949)                                        | (242,907,721)               | (247,203,670)  |
| <b>Net assets - beginning</b>        |                |                         |                                          |                                        |                              | 168,348,418                                        | 415,254,667                 | 583,603,085    |
| <b>Net assets - ending</b>           |                |                         |                                          |                                        |                              | \$ 164,052,469                                     | \$ 172,346,946              | \$ 336,399,415 |

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

**Metropolitan Transportation Commission**  
**Statement of Activities**  
**For the Year Ended June 30, 2002**

|                                      | Expenses       | Primary Revenues        |                                          |                                        |                              | Net (Expense) Revenue and<br>Changes in Net Assets |                             |                |
|--------------------------------------|----------------|-------------------------|------------------------------------------|----------------------------------------|------------------------------|----------------------------------------------------|-----------------------------|----------------|
|                                      |                | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Total<br>Program<br>Revenues | Governmental<br>Activities                         | Business-type<br>Activities | Total          |
| <b>Functions</b>                     |                |                         |                                          |                                        |                              |                                                    |                             |                |
| <i>Governmental Activities:</i>      |                |                         |                                          |                                        |                              |                                                    |                             |                |
| General government                   | \$ 45,894,987  | \$ -                    | \$ 40,479,572                            | \$ -                                   | \$ 40,479,572                | \$ (5,415,415)                                     | \$ -                        | \$ (5,415,415) |
| Allocations to other agencies        | 92,787,010     | -                       | 6,589,370                                | 64,472,632                             | 71,062,002                   | (21,725,008)                                       | -                           | (21,725,008)   |
| Total governmental activities        | 138,681,997    | -                       | 47,068,942                               | 64,472,632                             | 111,541,574                  | (27,140,423)                                       | -                           | (27,140,423)   |
| <i>Business-type Activities:</i>     |                |                         |                                          |                                        |                              |                                                    |                             |                |
| Toll bridge activities               | 347,029,659    | 144,230,152             | 594,987                                  | -                                      | 144,825,139                  | -                                                  | (202,204,520)               | (202,204,520)  |
| Congestion relief                    | 9,251,327      | 5,897,408               | 6,473,376                                | -                                      | 12,370,784                   | -                                                  | 3,119,457                   | 3,119,457      |
| Total business-type activities       | 356,280,986    | 150,127,560             | 7,068,363                                | -                                      | 157,195,923                  | -                                                  | (199,085,063)               | (199,085,063)  |
| Total primary government             | \$ 494,962,983 | \$ 150,127,560          | \$ 54,137,305                            | \$ 64,472,632                          | \$ 268,737,497               | (27,140,423)                                       | (199,085,063)               | (226,225,486)  |
| General revenues:                    |                |                         |                                          |                                        |                              |                                                    |                             |                |
| Unrestricted investment earnings     |                |                         |                                          |                                        |                              | 4,374,608                                          | 45,598,476                  | 49,973,084     |
| Transfers                            |                |                         |                                          |                                        |                              | 27,012,806                                         | (27,012,806)                | -              |
| Total general revenues and transfers |                |                         |                                          |                                        |                              | 31,387,414                                         | 18,585,670                  | 49,973,084     |
| <b>Change in net assets</b>          |                |                         |                                          |                                        |                              | 4,246,991                                          | (180,499,393)               | (176,252,402)  |
| <b>Net assets - beginning</b>        |                |                         |                                          |                                        |                              | 164,101,427                                        | 595,754,060                 | 759,855,487    |
| <b>Net assets - ending</b>           |                |                         |                                          |                                        |                              | \$ 168,348,418                                     | \$ 415,254,667              | \$ 583,603,085 |

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



**Metropolitan Transportation Commission**  
**Balance Sheet – Governmental Funds**  
**June 30, 2003**

|                                                                                                                           | MTC<br>General       | Transit<br>Reserve<br>Funds | Rail Extension<br>Reserves | AB 664 Net<br>Toll Revenue<br>Reserves | Exchange             | STA                  | Feeder Bus        | Total<br>Governmental<br>Funds |
|---------------------------------------------------------------------------------------------------------------------------|----------------------|-----------------------------|----------------------------|----------------------------------------|----------------------|----------------------|-------------------|--------------------------------|
| <b>Assets</b>                                                                                                             |                      |                             |                            |                                        |                      |                      |                   |                                |
| Cash and cash equivalents - unrestricted                                                                                  | \$ 25,545,901        | \$ 3,116,633                | \$ 5,516,897               | \$ 30,944,885                          | \$ 13,415,331        | \$ 17,839,836        | \$ 75,470         | \$ 96,454,953                  |
| Cash and cash equivalents - restricted                                                                                    | 5,187,787            | -                           | -                          | -                                      | -                    | -                    | -                 | 5,187,787                      |
| Investments                                                                                                               | 147,313              | -                           | -                          | 14,981,000                             | -                    | -                    | -                 | 15,128,313                     |
| Receivables:                                                                                                              |                      |                             |                            |                                        |                      |                      |                   |                                |
| Accounts                                                                                                                  | 31,020               | -                           | -                          | -                                      | -                    | -                    | 356,627           | 387,647                        |
| Interest                                                                                                                  | 30,000               | -                           | 5,414                      | 29,432                                 | -                    | 52,000               | -                 | 116,846                        |
| State Funding                                                                                                             | 2,564,690            | -                           | -                          | -                                      | -                    | 17,108,545           | -                 | 19,673,235                     |
| Federal Funding                                                                                                           | 7,437,686            | -                           | -                          | -                                      | -                    | -                    | -                 | 7,437,686                      |
| Indirect cost recovery                                                                                                    | 1,702,560            | -                           | -                          | -                                      | -                    | -                    | -                 | 1,702,560                      |
| Prepaid items                                                                                                             | 508,682              | -                           | -                          | -                                      | -                    | -                    | -                 | 508,682                        |
| <b>Total assets</b>                                                                                                       | <b>\$ 43,155,639</b> | <b>\$ 3,116,633</b>         | <b>\$ 5,522,311</b>        | <b>\$ 45,955,317</b>                   | <b>\$ 13,415,331</b> | <b>\$ 35,000,381</b> | <b>\$ 432,097</b> | <b>\$ 146,597,709</b>          |
| <b>Liabilities and fund balances</b>                                                                                      |                      |                             |                            |                                        |                      |                      |                   |                                |
| <b>Liabilities</b>                                                                                                        |                      |                             |                            |                                        |                      |                      |                   |                                |
| Accounts Payable                                                                                                          | \$ 8,843,139         | \$ 169,121                  | \$ -                       | \$ 509,945                             | \$ 110,485           | \$ 5,008,912         | \$ -              | \$ 14,641,602                  |
| Accruals                                                                                                                  | 2,129,138            | -                           | 126                        | 959                                    | -                    | 3,540,823            | -                 | 5,671,046                      |
| Due to other funds                                                                                                        | (240,626)            | 5,949                       | (85,098)                   | (113,414)                              | 37,532               | 442,013              | -                 | 46,356                         |
| Other                                                                                                                     | 5,211,837            | -                           | -                          | -                                      | -                    | -                    | -                 | 5,211,837                      |
| <b>Total liabilities</b>                                                                                                  | <b>15,943,488</b>    | <b>175,070</b>              | <b>(84,972)</b>            | <b>397,490</b>                         | <b>148,017</b>       | <b>8,991,748</b>     | <b>-</b>          | <b>25,570,841</b>              |
| <b>Fund balances</b>                                                                                                      |                      |                             |                            |                                        |                      |                      |                   |                                |
| <b>Reserved for</b>                                                                                                       |                      |                             |                            |                                        |                      |                      |                   |                                |
| Encumbrances                                                                                                              | 3,126,010            | 2,476,513                   | 2,276,406                  | 35,731,467                             | 7,577,393            | 9,867,673            | 284,512           | 61,339,974                     |
| Other                                                                                                                     | 22,133,118           | -                           | -                          | -                                      | -                    | -                    | -                 | 22,133,118                     |
| <b>Unreserved, reported in</b>                                                                                            |                      |                             |                            |                                        |                      |                      |                   |                                |
| General fund                                                                                                              | 1,953,023            | -                           | -                          | -                                      | -                    | -                    | -                 | 1,953,023                      |
| Special revenue funds                                                                                                     | -                    | 465,050                     | 3,330,877                  | 9,826,360                              | 5,689,921            | 16,140,960           | 147,585           | 35,600,753                     |
| <b>Total fund balances</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>Total liabilities and fund balances</b>                                                                                | <b>\$ 43,155,639</b> | <b>\$ 3,116,633</b>         | <b>\$ 5,522,311</b>        | <b>\$ 45,955,317</b>                   | <b>\$ 13,415,331</b> | <b>\$ 35,000,381</b> | <b>\$ 432,097</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  |                      |                             |                            |                                        |                      |                      |                   | 3,145,598                      |
| Capital leases are not due and payable in the current period and therefore are not reported in the funds                  |                      |                             |                            |                                        |                      |                      |                   | (54,997)                       |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds |                      |                             |                            |                                        |                      |                      |                   | 39,935,000                     |
| <b>Net assets of governmental activities</b>                                                                              |                      |                             |                            |                                        |                      |                      |                   | <b>\$ 164,052,469</b>          |

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

**Metropolitan Transportation Commission**  
**Balance Sheet – Governmental Funds**  
**June 30, 2002**

|                                                                                                                           | MTC<br>General       | Transit<br>Reserve<br>Fund | Rail Extension<br>Reserves | AB 664 Net<br>Toll Revenue<br>Reserves | Exchange             | STA                  | Feeder Bus       | Total<br>Governmental<br>Funds |
|---------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------------|----------------------------|----------------------------------------|----------------------|----------------------|------------------|--------------------------------|
| <b>Assets</b>                                                                                                             |                      |                            |                            |                                        |                      |                      |                  |                                |
| Cash and cash equivalents - unrestricted                                                                                  | \$ 25,982,481        | \$ 4,010,610               | \$ 798,712                 | \$ 18,392,397                          | \$ 13,892,668        | \$ 5,274,992         | \$ 51,276        | \$ 68,403,136                  |
| Investments                                                                                                               | -                    | -                          | 4,994,500                  | 27,435,650                             | -                    | -                    | -                | 32,430,150                     |
| Receivables:                                                                                                              |                      |                            |                            |                                        |                      |                      |                  |                                |
| Accounts                                                                                                                  | 69,442               | 90,446                     | 227,768                    | 106,823                                | -                    | -                    | -                | 494,479                        |
| Interest                                                                                                                  | 161,103              | 34,000                     | 32,841                     | 144,456                                | 80,000               | 50,000               | 500              | 502,900                        |
| State Funding                                                                                                             | 3,817,603            | -                          | -                          | -                                      | -                    | 31,579,746           | -                | 35,397,349                     |
| Federal Funding                                                                                                           | 5,587,370            | -                          | -                          | -                                      | -                    | -                    | -                | 5,587,370                      |
| Indirect cost recovery                                                                                                    | 1,083,593            | -                          | -                          | -                                      | -                    | -                    | -                | 1,083,593                      |
| Prepaid items                                                                                                             | 406,276              | -                          | -                          | -                                      | -                    | -                    | -                | 406,276                        |
| <b>Total assets</b>                                                                                                       | <b>\$ 37,107,868</b> | <b>\$ 4,135,056</b>        | <b>\$ 6,053,821</b>        | <b>\$ 46,079,326</b>                   | <b>\$ 13,972,668</b> | <b>\$ 36,904,738</b> | <b>\$ 51,776</b> | <b>\$ 144,305,253</b>          |
| <b>Liabilities and fund balances</b>                                                                                      |                      |                            |                            |                                        |                      |                      |                  |                                |
| <b>Liabilities</b>                                                                                                        |                      |                            |                            |                                        |                      |                      |                  |                                |
| Accounts payable                                                                                                          | \$ 4,873,205         | \$ 228,898                 | \$ -                       | \$ 2,056,381                           | \$ 201,901           | \$ 720,637           | \$ -             | \$ 8,081,022                   |
| Accruals                                                                                                                  | 2,167,688            | -                          | 141                        | 152,602                                | -                    | -                    | -                | 2,320,431                      |
| Due to other funds                                                                                                        | 160,157              | -                          | -                          | -                                      | 62,698               | 493,259              | -                | 716,114                        |
| Other                                                                                                                     | 673,180              | -                          | -                          | -                                      | -                    | -                    | -                | 673,180                        |
| <b>Total liabilities</b>                                                                                                  | <b>7,874,230</b>     | <b>228,898</b>             | <b>141</b>                 | <b>2,208,983</b>                       | <b>264,599</b>       | <b>1,213,896</b>     | <b>-</b>         | <b>11,790,747</b>              |
| <b>Fund balances</b>                                                                                                      |                      |                            |                            |                                        |                      |                      |                  |                                |
| <b>Reserved for</b>                                                                                                       |                      |                            |                            |                                        |                      |                      |                  |                                |
| Encumbrances                                                                                                              | 3,459,288            | 2,944,179                  | 210,615                    | 35,080,668                             | 8,177,070            | 6,674,423            | -                | 56,546,243                     |
| Other                                                                                                                     | 12,529,896           | -                          | -                          | -                                      | -                    | -                    | -                | 12,529,896                     |
| <b>Unreserved, reported in</b>                                                                                            |                      |                            |                            |                                        |                      |                      |                  |                                |
| General fund                                                                                                              | 13,244,454           | -                          | -                          | -                                      | -                    | -                    | -                | 13,244,454                     |
| Special revenue funds                                                                                                     | -                    | 961,979                    | 5,843,065                  | 8,789,675                              | 5,530,999            | 29,016,419           | 51,776           | 50,193,913                     |
| <b>Total fund balances</b>                                                                                                | <b>29,233,638</b>    | <b>3,906,158</b>           | <b>6,053,680</b>           | <b>43,870,343</b>                      | <b>13,708,069</b>    | <b>35,690,842</b>    | <b>51,776</b>    | <b>132,514,506</b>             |
| <b>Total liabilities and fund balances</b>                                                                                | <b>\$ 37,107,868</b> | <b>\$ 4,135,056</b>        | <b>\$ 6,053,821</b>        | <b>\$ 46,079,326</b>                   | <b>\$ 13,972,668</b> | <b>\$ 36,904,738</b> | <b>\$ 51,776</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  |                      |                            |                            |                                        |                      |                      |                  | 3,465,851                      |
| Capital leases are not due and payable in the current period and therefore are not reported in the funds                  |                      |                            |                            |                                        |                      |                      |                  | (71,939)                       |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds |                      |                            |                            |                                        |                      |                      |                  | 32,440,000                     |
| <b>Net assets of governmental activities</b>                                                                              |                      |                            |                            |                                        |                      |                      |                  | <b>\$ 168,348,418</b>          |

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, 2003**

|                                                           | General              | Transit Reserve Fund | Rail Extension Reserves | AB664 Net Toll Revenue Reserves | Exchange             | STA                  | Feeder Bus        | Total Governmental Funds |
|-----------------------------------------------------------|----------------------|----------------------|-------------------------|---------------------------------|----------------------|----------------------|-------------------|--------------------------|
| <b>Revenues</b>                                           |                      |                      |                         |                                 |                      |                      |                   |                          |
| Sales taxes                                               | \$ 8,903,326         | \$ -                 | \$ -                    | \$ -                            | \$ -                 | \$ -                 | \$ -              | \$ 8,903,326             |
| Grants - Federal                                          | 28,128,978           | -                    | -                       | -                               | -                    | -                    | -                 | 28,128,978               |
| Grants - State                                            | 36,795,447           | 2,821,000            | -                       | -                               | -                    | 37,392,176           | -                 | 77,008,623               |
| Project grants from local agencies                        | 3,874,353            | -                    | -                       | -                               | -                    | -                    | 2,497,571         | 6,371,924                |
| Investment income                                         | 359,767              | 29,471               | 166,256                 | 621,240                         | 108,757              | 452,808              | 25,956            | 1,764,255                |
| <b>Total revenues</b>                                     | <b>78,061,871</b>    | <b>2,850,471</b>     | <b>166,256</b>          | <b>621,240</b>                  | <b>108,757</b>       | <b>37,844,984</b>    | <b>2,523,527</b>  | <b>122,177,106</b>       |
| <b>Expenditures</b>                                       |                      |                      |                         |                                 |                      |                      |                   |                          |
| Current:                                                  |                      |                      |                         |                                 |                      |                      |                   |                          |
| General government                                        | 48,206,145           | -                    | 1,033                   | 4,435                           | -                    | -                    | -                 | 48,211,613               |
| Allocations to other agencies                             | 39,946,631           | 4,814,154            | 10,584,209              | 11,210,000                      | 457,823              | 43,491,600           | 2,143,206         | 112,647,623              |
| Capital outlay                                            | 55,795               | -                    | -                       | -                               | -                    | -                    | -                 | 55,795                   |
| <b>Total expenditures</b>                                 | <b>88,208,571</b>    | <b>4,814,154</b>     | <b>10,585,242</b>       | <b>11,214,435</b>               | <b>457,823</b>       | <b>43,491,600</b>    | <b>2,143,206</b>  | <b>160,915,031</b>       |
| Excess (deficiency) of revenues over (under) expenditures | (10,146,700)         | (1,963,683)          | (10,418,986)            | (10,593,195)                    | (349,066)            | (5,646,616)          | 380,321           | (38,737,925)             |
| <b>Other financing sources / uses</b>                     |                      |                      |                         |                                 |                      |                      |                   |                          |
| Transfers in                                              | 8,125,213            | 999,088              | 9,972,589               | 12,280,679                      | -                    | -                    | -                 | 31,377,569               |
| Transfers out                                             | -                    | -                    | -                       | -                               | (91,689)             | (4,035,593)          | -                 | (4,127,282)              |
| <b>Total other financing sources and uses</b>             | <b>8,125,213</b>     | <b>999,088</b>       | <b>9,972,589</b>        | <b>12,280,679</b>               | <b>(91,689)</b>      | <b>(4,035,593)</b>   | <b>-</b>          | <b>27,250,287</b>        |
| <b>Net change in fund balances</b>                        | <b>(2,021,487)</b>   | <b>(964,595)</b>     | <b>(446,397)</b>        | <b>1,687,484</b>                | <b>(440,755)</b>     | <b>(9,682,209)</b>   | <b>380,321</b>    | <b>(11,487,638)</b>      |
| <b>Fund balances - beginning</b>                          | <b>29,233,638</b>    | <b>3,906,158</b>     | <b>6,053,680</b>        | <b>43,870,343</b>               | <b>13,708,069</b>    | <b>35,690,842</b>    | <b>51,776</b>     | <b>132,514,506</b>       |
| <b>Fund balances - ending</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>    |

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, 2002**

|                                                           | <u>General</u>       | <u>Transit Reserve Fund</u> | <u>Rail Extension Reserves</u> | <u>AB664 Net Toll Revenue Reserves</u> | <u>Exchange</u>      | <u>STA</u>           | <u>Feeder Bus</u> | <u>Total Governmental Funds</u> |
|-----------------------------------------------------------|----------------------|-----------------------------|--------------------------------|----------------------------------------|----------------------|----------------------|-------------------|---------------------------------|
| <b>Revenues</b>                                           |                      |                             |                                |                                        |                      |                      |                   |                                 |
| Sales taxes                                               | \$ 9,326,567         | \$ -                        | \$ -                           | \$ -                                   | \$ -                 | \$ -                 | \$ -              | \$ 9,326,567                    |
| Grants - Federal                                          | 24,334,055           | -                           | -                              | -                                      | -                    | -                    | -                 | 24,334,055                      |
| Grants - State                                            | 6,818,950            | -                           | -                              | -                                      | -                    | -                    | -                 | 6,818,950                       |
| Project grants from local agencies                        | 3,796,013            | 2,793,357                   | -                              | -                                      | -                    | 64,472,632           | -                 | 71,062,002                      |
| Investment income                                         | 937,771              | 218,144                     | 378,603                        | 1,620,904                              | 608,754              | 607,085              | 3,347             | 4,374,608                       |
| Total revenues                                            | 45,213,356           | 3,011,501                   | 378,603                        | 1,620,904                              | 608,754              | 65,079,717           | 3,347             | 115,916,182                     |
| <b>Expenditures</b>                                       |                      |                             |                                |                                        |                      |                      |                   |                                 |
| Current:                                                  |                      |                             |                                |                                        |                      |                      |                   |                                 |
| General government                                        | 45,496,210           | -                           | 807                            | 5,033                                  | -                    | -                    | -                 | 45,502,050                      |
| Allocations to other agencies                             | 6,220,516            | 3,225,394                   | 10,639,385                     | 25,381,795                             | 1,736,829            | 53,258,264           | 65,827            | 100,528,010                     |
| Capital outlay                                            | 209,565              | -                           | -                              | -                                      | -                    | -                    | -                 | 209,565                         |
| Total expenditures                                        | 51,926,291           | 3,225,394                   | 10,640,192                     | 25,386,828                             | 1,736,829            | 53,258,264           | 65,827            | 146,239,625                     |
| Excess (deficiency) of revenues over (under) expenditures | (6,712,935)          | (213,893)                   | (10,261,589)                   | (23,765,924)                           | (1,128,075)          | 11,821,453           | (62,480)          | (30,323,443)                    |
| <b>Other financing sources / uses</b>                     |                      |                             |                                |                                        |                      |                      |                   |                                 |
| Transfers in                                              | 12,215,318           | 1,169,742                   | 10,007,625                     | 12,482,234                             | -                    | -                    | -                 | 35,874,919                      |
| Transfers out                                             | -                    | -                           | -                              | -                                      | (1,101,504)          | (7,760,609)          | -                 | (8,862,113)                     |
| Total other financing sources and uses                    | 12,215,318           | 1,169,742                   | 10,007,625                     | 12,482,234                             | (1,101,504)          | (7,760,609)          | -                 | 27,012,806                      |
| <b>Net change in fund balances</b>                        | <b>5,502,383</b>     | <b>955,849</b>              | <b>(253,964)</b>               | <b>(11,283,690)</b>                    | <b>(2,229,579)</b>   | <b>4,060,844</b>     | <b>(62,480)</b>   | <b>(3,310,637)</b>              |
| <b>Fund balances - beginning</b>                          | <b>23,731,255</b>    | <b>2,950,309</b>            | <b>6,307,644</b>               | <b>55,154,033</b>                      | <b>15,937,648</b>    | <b>31,629,998</b>    | <b>114,256</b>    | <b>135,825,143</b>              |
| <b>Fund balances - ending</b>                             | <b>\$ 29,233,638</b> | <b>\$ 3,906,158</b>         | <b>\$ 6,053,680</b>            | <b>\$ 43,870,343</b>                   | <b>\$ 13,708,069</b> | <b>\$ 35,690,842</b> | <b>\$ 51,776</b>  | <b>\$ 132,514,506</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, 2003 and 2002**

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|                                                                                                                                                                                                                                                                                                                                                                           | 2003                  | 2002                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|---------------------|
| <b>Net change in fund balances - total governmental funds (per Statement of Revenues, Expenditure and Changes in Fund Balances)</b>                                                                                                                                                                                                                                       | \$(11,487,638)        | \$ (3,310,637)      |
| 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                                   | (317,193)             | (149,041)           |
| Proceeds from the sale of capital assets provide financial resources to governmental funds while only the gain on the sale of the capital asset is reported in the statement of activities. Therefore, the change in net assets differs from the change in fund balance by the cost of the capital asset sold.                                                            | (3,060)               | (63,797)            |
| 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 2003 and 2002 loan advances, respectively. | 7,495,000             | 7,741,000           |
| 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.                                                                                | 16,942                | 29,466              |
| <b>Change in net assets of governmental activities (per Statement of Activities)</b>                                                                                                                                                                                                                                                                                      | <u>\$ (4,295,949)</u> | <u>\$ 4,246,991</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 – General Fund**  
**For the Year Ended June 30, 2003**

|                                              | <u>Budgeted Amounts</u> |                      |                       | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|----------------------------------------------|-------------------------|----------------------|-----------------------|---------------------------------------------------------|
|                                              | <u>Original</u>         | <u>Final</u>         | <u>Actual Amounts</u> |                                                         |
| <b>Revenues</b>                              |                         |                      |                       |                                                         |
| Sales taxes for planning activities          | \$ 8,891,789            | \$ 8,340,672         | \$ 8,903,326          | \$ 562,654                                              |
| Grants - Federal                             | 27,851,860              | 34,124,576           | 28,128,978            | (5,995,598)                                             |
| Grants - State                               | 12,902,151              | 50,092,791           | 36,795,447            | (13,297,344)                                            |
| Project grants from state and local agencies | 10,986,388              | 12,738,703           | 3,874,353             | (8,864,350)                                             |
| Investment income                            | 1,050,000               | 1,050,000            | 359,767               | (690,233)                                               |
| Other                                        | 206,755                 | 409,123              | -                     | (409,123)                                               |
| <b>Total revenues</b>                        | <b>61,888,943</b>       | <b>106,755,865</b>   | <b>78,061,871</b>     | <b>(28,693,994)</b>                                     |
| <b>Expenditures</b>                          |                         |                      |                       |                                                         |
| Current:                                     |                         |                      |                       |                                                         |
| General government                           | 62,860,692              | 76,957,340           | 48,206,145            | 28,751,195                                              |
| Allocations to other agencies                | 3,163,266               | 46,796,036           | 39,946,631            | 6,849,405                                               |
| Capital outlay                               | 775,000                 | 375,000              | 55,795                | 319,205                                                 |
| <b>Total expenditures</b>                    | <b>66,798,958</b>       | <b>124,128,376</b>   | <b>88,208,571</b>     | <b>35,919,805</b>                                       |
| Deficiency of revenues under expenditures    | (4,910,015)             | (17,372,511)         | (10,146,700)          | 7,225,811                                               |
| <b>Other financing sources</b>               |                         |                      |                       |                                                         |
| Transfers in                                 | 4,135,015               | 12,307,692           | 8,125,213             | (4,182,479)                                             |
| <b>Net change in fund balances</b>           | <b>(775,000)</b>        | <b>(5,064,819)</b>   | <b>(2,021,487)</b>    | <b>3,043,332</b>                                        |
| <b>Fund balances - beginning</b>             | <b>29,233,638</b>       | <b>29,233,638</b>    | <b>29,233,638</b>     | <b>-</b>                                                |
| <b>Fund balances - ending</b>                | <b>\$ 28,458,638</b>    | <b>\$ 24,168,819</b> | <b>\$ 27,212,151</b>  | <b>\$ 3,043,332</b>                                     |

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 - Transit Reserve**  
**For the year ended June 30, 2003**

|                                |                                              | Budgeted Amounts    |                    | Actual              | Variance with       |
|--------------------------------|----------------------------------------------|---------------------|--------------------|---------------------|---------------------|
|                                |                                              | <u>Original</u>     | <u>Final</u>       | <u>Amounts</u>      | Final Budget        |
|                                |                                              |                     |                    |                     | Positive            |
|                                |                                              |                     |                    |                     | (Negative)          |
| <b>Revenues</b>                |                                              |                     |                    |                     |                     |
|                                | Project grants from state and local agencies | \$ 2,821,291        | \$ 2,821,291       | \$ 2,821,000        | \$ (291)            |
|                                | Investment income                            | -                   | -                  | 29,471              | 29,471              |
|                                | <b>Total revenues</b>                        | <b>2,821,291</b>    | <b>2,821,291</b>   | <b>2,850,471</b>    | <b>29,180</b>       |
| <b>Expenditures</b>            |                                              |                     |                    |                     |                     |
|                                | Current:                                     |                     |                    |                     |                     |
|                                | Allocations to other agencies                | 4,034,903           | 7,278,571          | 4,814,154           | 2,464,417           |
|                                | Deficiency of revenues under expenditures    | (1,213,612)         | (4,457,280)        | (1,963,683)         | 2,493,597           |
| <b>Other financing sources</b> |                                              |                     |                    |                     |                     |
|                                | Transfers in                                 | 1,005,037           | 1,005,037          | 999,088             | (5,949)             |
|                                | <b>Net change in fund balances</b>           | <b>(208,575)</b>    | <b>(3,452,243)</b> | <b>(964,595)</b>    | <b>2,487,648</b>    |
|                                | <b>Fund balances - beginning</b>             | <b>3,906,158</b>    | <b>3,906,158</b>   | <b>3,906,158</b>    | <b>-</b>            |
|                                | <b>Fund balances - ending</b>                | <b>\$ 3,697,583</b> | <b>\$ 453,915</b>  | <b>\$ 2,941,563</b> | <b>\$ 2,487,648</b> |

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 - Rail Extension Reserve**  
**For the year ended June 30, 2003**

|                                |                                              | Budgeted Amounts |              | Actual         | Variance with |
|--------------------------------|----------------------------------------------|------------------|--------------|----------------|---------------|
|                                |                                              | <u>Original</u>  | <u>Final</u> | <u>Amounts</u> | Final Budget  |
|                                |                                              |                  |              |                | Positive      |
|                                |                                              |                  |              |                | (Negative)    |
| <b>Revenues</b>                |                                              |                  |              |                |               |
|                                | Project grants from state and local agencies | \$ -             | \$ -         | \$ -           | \$ -          |
|                                | Investment income                            | -                | -            | 166,256        | 166,256       |
|                                | <b>Total revenues</b>                        | -                | -            | 166,256        | 166,256       |
| <b>Expenditures</b>            |                                              |                  |              |                |               |
|                                | Current:                                     |                  |              |                |               |
|                                | General Government                           |                  |              | 1,033          | 1,033         |
|                                | Allocations to other agencies                | 15,730,556       | 15,941,171   | 10,584,209     | 5,356,962     |
|                                | <b>Total expenditures</b>                    | 15,730,556       | 15,941,171   | 10,585,242     | 5,357,995     |
|                                | Deficiency of revenues under expenditures    | (15,730,556)     | (15,941,171) | (10,418,986)   | 5,522,185     |
| <b>Other financing sources</b> |                                              |                  |              |                |               |
|                                | Transfers in                                 | 9,887,491        | 9,887,491    | 9,972,589      | 85,098        |
|                                | <b>Net change in fund balances</b>           | (5,843,065)      | (6,053,680)  | (446,397)      | 5,607,283     |
|                                | <b>Fund balances - beginning</b>             | 6,053,680        | 6,053,680    | 6,053,680      | -             |
|                                | <b>Fund balances - ending</b>                | \$ 210,615       | \$ -         | \$ 5,607,283   | \$ 5,607,283  |

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 – AB664 Net Toll Revenue Reserves Fund**  
**For the Year Ended June 30, 2003**

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|                                              | <u>Budgeted Amounts</u> |              |                       | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|----------------------------------------------|-------------------------|--------------|-----------------------|---------------------------------------------------------|
|                                              | <u>Original</u>         | <u>Final</u> | <u>Actual Amounts</u> |                                                         |
| <b>Revenues</b>                              |                         |              |                       |                                                         |
| Investment income                            | \$ -                    | \$ -         | \$ 621,240            | \$ 621,240                                              |
| <b>Expenditures</b>                          |                         |              |                       |                                                         |
| Current:                                     |                         |              |                       |                                                         |
| General government                           | -                       | -            | 4,435                 | (4,435)                                                 |
| Allocations to other agencies                | 12,167,266              | 47,096,443   | 11,210,000            | 35,886,443                                              |
| Total expenditures                           | 12,167,266              | 47,096,443   | 11,214,435            | 35,882,008                                              |
| Deficiency of revenues under<br>expenditures | (12,167,266)            | (47,096,443) | (10,593,195)          | 36,503,248                                              |
| <b>Other financing sources</b>               |                         |              |                       |                                                         |
| Transfers in                                 | 12,167,266              | 12,167,266   | 12,280,679            | 113,413                                                 |
| <b>Net change in fund balances</b>           | -                       | (34,929,177) | 1,687,484             | 36,616,661                                              |
| <b>Fund balances - beginning</b>             | 43,870,343              | 43,870,343   | 43,870,343            | -                                                       |
| <b>Fund balances - ending</b>                | \$ 43,870,343           | \$ 8,941,166 | \$ 45,557,827         | \$ 36,616,661                                           |

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 - Exchange  
For the year ended June 30, 2003**

|                                         |                                                           | Budgeted Amounts |              | Actual        | Variance with |
|-----------------------------------------|-----------------------------------------------------------|------------------|--------------|---------------|---------------|
|                                         |                                                           | Original         | Final        | Amounts       | Final Budget  |
|                                         |                                                           |                  |              |               | Positive      |
|                                         |                                                           |                  |              |               | (Negative)    |
| <b>Revenues</b>                         |                                                           |                  |              |               |               |
|                                         | Project grants from state and local agencies              | \$ -             | \$ -         | \$ -          | \$ -          |
|                                         | Investment income                                         | -                | -            | 108,757       | 108,757       |
|                                         | Total revenues                                            | -                | -            | 108,757       | 108,757       |
| <b>Expenditures</b>                     |                                                           |                  |              |               |               |
|                                         | Current:                                                  |                  |              |               |               |
|                                         | Allocations to other agencies                             | -                | 8,114,373    | 457,823       | 7,656,550     |
|                                         | Excess (deficiency) of revenues over (under) expenditures | -                | (8,114,373)  | (349,066)     | 7,765,307     |
| <b>Other financing sources / (uses)</b> |                                                           |                  |              |               |               |
|                                         | Transfers (out) / in                                      | -                | -            | (91,689)      | (91,689)      |
|                                         | <b>Net change in fund balances</b>                        | -                | (8,114,373)  | (440,755)     | 7,673,618     |
|                                         | <b>Fund balances - beginning</b>                          | 13,708,069       | 13,708,069   | 13,708,069    | -             |
|                                         | <b>Fund balances - ending</b>                             | \$ 13,708,069    | \$ 5,593,696 | \$ 13,267,314 | \$ 7,673,618  |

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 – STA Fund  
For the Year Ended June 30, 2003**

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|                                                           | <u>Budgeted Amounts</u> |               |                       | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------------------------------|-------------------------|---------------|-----------------------|---------------------------------------------------------|
|                                                           | <u>Original</u>         | <u>Final</u>  | <u>Actual Amounts</u> |                                                         |
| <b>Revenues</b>                                           |                         |               |                       |                                                         |
| Project grants from state and local agencies              | \$ 37,727,508           | \$ 36,152,968 | \$ 37,392,176         | \$ 1,239,208                                            |
| Investment income                                         | -                       | 261,277       | 452,808               | 191,531                                                 |
| Total revenues                                            | 37,727,508              | 36,414,245    | 37,844,984            | 1,430,739                                               |
| <b>Expenditures</b>                                       |                         |               |                       |                                                         |
| Current:                                                  |                         |               |                       |                                                         |
| Allocations to other agencies                             | 60,712,074              | 63,396,997    | 43,491,600            | 19,905,397                                              |
| Excess (deficiency) of revenues over (under) expenditures | (22,984,566)            | (26,982,752)  | (5,646,616)           | 21,336,136                                              |
| <b>Other financing sources / (uses)</b>                   |                         |               |                       |                                                         |
| Transfers (out) / in                                      | (3,126,351)             | (1,549,520)   | (4,035,593)           | (2,486,073)                                             |
| <b>Net change in fund balances</b>                        | (26,110,917)            | (28,532,272)  | (9,682,209)           | 18,850,063                                              |
| <b>Fund balances - beginning</b>                          | 35,690,842              | 35,690,842    | 35,690,842            | -                                                       |
| <b>Fund balances - ending</b>                             | \$ 9,579,925            | \$ 7,158,570  | \$ 26,008,633         | \$ 18,850,063                                           |

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 - Feeder Bus  
For the year ended June 30, 2003**

|                                         |                                                           | Budgeted Amounts |              | Actual       | Variance with  |
|-----------------------------------------|-----------------------------------------------------------|------------------|--------------|--------------|----------------|
|                                         |                                                           | Original         | Final        | Amounts      | Final Budget   |
|                                         |                                                           |                  |              |              | Positive       |
|                                         |                                                           |                  |              |              | (Negative)     |
| <b>Revenues</b>                         |                                                           |                  |              |              |                |
|                                         | Project grants from state and local agencies              | \$ 5,385,947     | \$ 5,385,947 | \$ 2,497,571 | \$ (2,888,376) |
|                                         | Investment income                                         | -                | -            | 25,956       | 25,956         |
|                                         | Total revenues                                            | 5,385,947        | 5,385,947    | 2,523,527    | (2,862,420)    |
| <b>Expenditures</b>                     |                                                           |                  |              |              |                |
|                                         | Current:                                                  |                  |              |              |                |
|                                         | Allocations to other agencies                             | 5,385,947        | 5,385,947    | 2,143,206    | 3,242,741      |
|                                         | Excess (deficiency) of revenues over (under) expenditures | -                | -            | 380,321      | 380,321        |
| <b>Other financing sources / (uses)</b> |                                                           |                  |              |              |                |
|                                         | Transfers (out) / in                                      | -                | -            | -            | -              |
| <b>Net change in fund balances</b>      |                                                           | -                | -            | 380,321      | 380,321        |
| <b>Fund balances - beginning</b>        |                                                           | 51,776           | 51,776       | 51,776       | -              |
| <b>Fund balances - ending</b>           |                                                           | \$ 51,776        | \$ 51,776    | \$ 432,097   | \$ 380,321     |

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

**Metropolitan Transportation Commission**  
**Statement of Net Assets – Proprietary Funds**  
**June 30, 2003**

|                                                            | Business-type Activities - Enterprise Funds |                                                      |                |
|------------------------------------------------------------|---------------------------------------------|------------------------------------------------------|----------------|
|                                                            | Bay Area<br>Toll Authority                  | Service Authority<br>for Freeways and<br>Expressways | Total          |
| <b>Assets</b>                                              |                                             |                                                      |                |
| Current assets:                                            |                                             |                                                      |                |
| Cash and cash equivalents                                  | \$ 384,728,455                              | \$ 5,655,918                                         | \$ 390,384,373 |
| Short-term investments                                     | 149,838,096                                 | 10,256,002                                           | 160,094,098    |
| Accrued interest                                           | 6,645,492                                   | 30,437                                               | 6,675,929      |
| Prepaid expenses                                           | 111,360                                     | 186,477                                              | 297,837        |
| Federal funding due                                        | -                                           | 1,346,090                                            | 1,346,090      |
| Caltrans funding due                                       | -                                           | 7,935,784                                            | 7,935,784      |
| Tolls due from Caltrans                                    | 3,727,415                                   | -                                                    | 3,727,415      |
| Maintenance funding due from Caltrans                      | 17,776,724                                  | -                                                    | 17,776,724     |
| Prepayments to the Architectural Revolving Fund            | 192,510                                     | -                                                    | 192,510        |
| Other receivables due from Caltrans                        | 173,976                                     | -                                                    | 173,976        |
| Total current assets                                       | 563,194,028                                 | 25,410,708                                           | 588,604,736    |
| Non-current assets:                                        |                                             |                                                      |                |
| Capital assets:                                            |                                             |                                                      |                |
| Furniture and equipment, net of accumulated depreciation   | 2,037                                       | 89,447                                               | 91,484         |
| Callboxes, net of accumulated depreciation                 | -                                           | 2,045,520                                            | 2,045,520      |
| Capital assets, net                                        | 2,037                                       | 2,134,967                                            | 2,137,004      |
| Non-current assets:                                        |                                             |                                                      |                |
| Investments                                                | 182,971,100                                 | -                                                    | 182,971,100    |
| Receivable due from Caltrans                               | 2,002,933                                   | -                                                    | 2,002,933      |
| Bond issuance costs                                        | 7,924,365                                   | -                                                    | 7,924,365      |
| Total non-current assets                                   | 192,898,398                                 | -                                                    | 192,898,398    |
| Restricted non-current assets:                             |                                             |                                                      |                |
| Investments                                                | 130,000,000                                 | -                                                    | 130,000,000    |
| Total non-current assets                                   | 322,900,435                                 | 2,134,967                                            | 325,035,402    |
| Total assets                                               | 886,094,463                                 | 27,545,675                                           | 913,640,138    |
| <b>Liabilities</b>                                         |                                             |                                                      |                |
| Current liabilities:                                       |                                             |                                                      |                |
| Payable from unrestricted assets                           |                                             |                                                      |                |
| Accounts payable                                           | 207,783                                     | 1,128,455                                            | 1,336,238      |
| Accrued expenses                                           | 66,800                                      | 190,358                                              | 257,158        |
| Accrued interest payable                                   | 2,868,756                                   | -                                                    | 2,868,756      |
| Retentions payable                                         | 59,624                                      | 12,379                                               | 72,003         |
| Due to/(from) MTC                                          | 220,820                                     | (267,176)                                            | (46,356)       |
| Due to Caltrans                                            | 35,560,472                                  | -                                                    | 35,560,472     |
| Total current liabilities payable from unrestricted assets | 38,984,255                                  | 1,064,016                                            | 40,048,271     |
| Non-current liabilities:                                   |                                             |                                                      |                |
| Long-term debt, net                                        | 701,244,921                                 | -                                                    | 701,244,921    |
| Total liabilities                                          | 740,229,176                                 | 1,064,016                                            | 741,293,192    |
| <b>Net assets</b>                                          |                                             |                                                      |                |
| Invested in capital assets, net of related debt            | 2,037                                       | 2,134,967                                            | 2,137,004      |
| Restricted net assets                                      | 130,000,000                                 | -                                                    | 130,000,000    |
| Unrestricted net assets                                    | 15,863,250                                  | 24,346,692                                           | 40,209,942     |
| Total net assets                                           | \$ 145,865,287                              | \$ 26,481,659                                        | \$ 172,346,946 |

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

**Metropolitan Transportation Commission**  
**Statement of Net Assets – Proprietary Funds**  
**June 30, 2002**

|                                                            | Business-type Activities - Enterprise Funds |                                                      |                |
|------------------------------------------------------------|---------------------------------------------|------------------------------------------------------|----------------|
|                                                            | Bay Area<br>Toll Authority                  | Service Authority<br>for Freeways and<br>Expressways | Total          |
| <b>Assets</b>                                              |                                             |                                                      |                |
| Current assets:                                            |                                             |                                                      |                |
| Cash and cash equivalents                                  | \$ 278,384,547                              | \$ 8,253,887                                         | \$ 286,638,434 |
| Short-term investments                                     | 34,937,000                                  | 6,976,400                                            | 41,913,400     |
| Accrued interest                                           | 9,404,795                                   | 69,182                                               | 9,473,977      |
| Prepaid expenses                                           | 96,172                                      | 191,751                                              | 287,923        |
| Federal funding due                                        | -                                           | 1,171,980                                            | 1,171,980      |
| Caltrans funding due                                       | -                                           | 7,154,081                                            | 7,154,081      |
| Tolls due from Caltrans                                    | 4,125,638                                   | -                                                    | 4,125,638      |
| Maintenance funding due from Caltrans                      | 22,027,480                                  | -                                                    | 22,027,480     |
| Prepayments to the Architectural Revolving Fund            | 219,254                                     | -                                                    | 219,254        |
| Other receivables due from Caltrans                        | 603,083                                     | -                                                    | 603,083        |
| Total current assets                                       | 349,797,969                                 | 23,817,281                                           | 373,615,250    |
| Non-current assets:                                        |                                             |                                                      |                |
| Capital assets:                                            |                                             |                                                      |                |
| Furniture and equipment, net of accumulated depreciation   | 4,069                                       | 180,239                                              | 184,308        |
| Callboxes, net of accumulated depreciation                 | -                                           | 1,089,423                                            | 1,089,423      |
| Capital assets, net                                        | 4,069                                       | 1,269,662                                            | 1,273,731      |
| Unrestricted non-current assets:                           |                                             |                                                      |                |
| Investments                                                | 322,302,010                                 | -                                                    | 322,302,010    |
| Receivable due from Caltrans                               | 2,002,933                                   | -                                                    | 2,002,933      |
| Bond issuance costs                                        | 4,620,120                                   | -                                                    | 4,620,120      |
| Total unrestricted non-current assets                      | 328,925,063                                 | -                                                    | 328,925,063    |
| Restricted non-current assets:                             |                                             |                                                      |                |
| Investments                                                | 125,000,000                                 | -                                                    | 125,000,000    |
| Total non-current assets                                   | 453,929,132                                 | 1,269,662                                            | 455,198,794    |
| Total assets                                               | 803,727,101                                 | 25,086,943                                           | 828,814,044    |
| <b>Liabilities</b>                                         |                                             |                                                      |                |
| Current liabilities:                                       |                                             |                                                      |                |
| Payable from unrestricted assets:                          |                                             |                                                      |                |
| Accounts payable                                           | 573,348                                     | 774,610                                              | 1,347,958      |
| Accrued expenses                                           | 466,016                                     | 87,269                                               | 553,285        |
| Accrued interest payable                                   | 2,167,302                                   | -                                                    | 2,167,302      |
| Retentions payable                                         | 59,624                                      | 11,639                                               | 71,263         |
| Due to/(from) MTC                                          | 108,207                                     | (824,321)                                            | (716,114)      |
| Due to Caltrans                                            | 8,806,834                                   | -                                                    | 8,806,834      |
| Total current liabilities payable from unrestricted assets | 12,181,331                                  | 49,197                                               | 12,230,528     |
| Non-current liabilities                                    |                                             |                                                      |                |
| Long-term debt, net                                        | 401,328,849                                 | -                                                    | 401,328,849    |
| Total liabilities                                          | 413,510,180                                 | 49,197                                               | 413,559,377    |
| <b>Net assets</b>                                          |                                             |                                                      |                |
| Invested in capital assets, net of related debt            | 4,069                                       | 1,269,662                                            | 1,273,731      |
| Restricted net assets                                      | 125,000,000                                 | -                                                    | 125,000,000    |
| Unrestricted net assets                                    | 265,212,852                                 | 23,768,084                                           | 288,980,936    |
| Total net assets                                           | \$ 390,216,921                              | \$ 25,037,746                                        | \$ 415,254,667 |

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, 2003**

|                                                     | Business-type Activities - Enterprise Funds |                                                      |                |
|-----------------------------------------------------|---------------------------------------------|------------------------------------------------------|----------------|
|                                                     | Bay Area<br>Toll Authority                  | Service Authority<br>for Freeways and<br>Expressways | Total          |
| <b>Operating revenues</b>                           |                                             |                                                      |                |
| Toll revenues collected by Caltrans                 | \$ 144,199,876                              | \$ -                                                 | \$ 144,199,876 |
| Department of Motor Vehicles registration fees      | -                                           | 5,809,298                                            | 5,809,298      |
| Other operating revenues                            | 1,905,230                                   | 19,172                                               | 1,924,402      |
| Total operating revenues                            | 146,105,106                                 | 5,828,470                                            | 151,933,576    |
| <b>Operating expenses</b>                           |                                             |                                                      |                |
| Operating expenses                                  | 35,717,351                                  | -                                                    | 35,717,351     |
| Towing contracts                                    | -                                           | 6,821,624                                            | 6,821,624      |
| Professional fees                                   | 2,641,139                                   | 1,277,236                                            | 3,918,375      |
| Repairs and maintenance                             | 791                                         | 1,232,486                                            | 1,233,277      |
| Communications charges                              | 6,966                                       | 414,998                                              | 421,964        |
| Depreciation and amortization                       | 142,585                                     | 471,964                                              | 614,549        |
| Other operating expenses                            | 327,761                                     | 157,279                                              | 485,040        |
| Total operating expenses                            | 38,836,593                                  | 10,375,587                                           | 49,212,180     |
| Operating income / (loss)                           | 107,268,513                                 | (4,547,117)                                          | 102,721,396    |
| <b>Non-operating revenues / (expenses)</b>          |                                             |                                                      |                |
| Interest income                                     | 25,434,363                                  | 262,556                                              | 25,696,919     |
| Interest expense                                    | (20,440,983)                                | -                                                    | (20,440,983)   |
| Caltrans operating grants                           | 305,004                                     | 5,638,413                                            | 5,943,417      |
| Federal operating grants                            | -                                           | 1,111,079                                            | 1,111,079      |
| Gain / (loss) on sale of investments                | 96,434                                      | -                                                    | 96,434         |
| Total non-operating revenues, net                   | 5,394,818                                   | 7,012,048                                            | 12,406,866     |
| Income before operating and capital transfers       | 112,663,331                                 | 2,464,931                                            | 115,128,262    |
| <b>Transfers</b>                                    |                                             |                                                      |                |
| Transfers to Metropolitan Transportation Commission | (24,891,991)                                | (2,358,296)                                          | (27,250,287)   |
| Net income before capital transfers                 | 87,771,340                                  | 106,635                                              | 87,877,975     |
| <b>Capital transfers</b>                            |                                             |                                                      |                |
| Transfers to Caltrans                               | (329,518,305)                               | -                                                    | (329,518,305)  |
| Transfer to other agencies                          | (1,267,391)                                 | -                                                    | (1,267,391)    |
| Transfers between programs                          | (1,337,278)                                 | 1,337,278                                            | -              |
| Total capital transfers                             | (332,122,974)                               | 1,337,278                                            | (330,785,696)  |
| <b>Change in net assets</b>                         | (244,351,634)                               | 1,443,913                                            | (242,907,721)  |
| <b>Total net assets - beginning</b>                 | 390,216,921                                 | 25,037,746                                           | 415,254,667    |
| <b>Total net assets - ending</b>                    | \$ 145,865,287                              | \$ 26,481,659                                        | \$ 172,346,946 |

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, 2002**

|                                                     | Business-type Activities - Enterprise Funds |                                                      |                |
|-----------------------------------------------------|---------------------------------------------|------------------------------------------------------|----------------|
|                                                     | Bay Area<br>Toll Authority                  | Service Authority<br>for Freeways and<br>Expressways | Total          |
| <b>Operating revenues</b>                           |                                             |                                                      |                |
| Toll revenues collected by Caltrans                 | \$ 142,337,259                              | \$ -                                                 | \$ 142,337,259 |
| Department of Motor Vehicles registration fees      | -                                           | 5,897,408                                            | 5,897,408      |
| Other operating revenues                            | 1,892,893                                   | 6,588                                                | 1,899,481      |
| Total operating revenues                            | 144,230,152                                 | 5,903,996                                            | 150,134,148    |
| <b>Operating expenses</b>                           |                                             |                                                      |                |
| Operating expenses incurred by Caltrans             | 29,276,930                                  | -                                                    | 29,276,930     |
| Towing contracts                                    | -                                           | 5,781,261                                            | 5,781,261      |
| Professional fees                                   | 2,777,475                                   | 1,243,449                                            | 4,020,924      |
| Repairs and maintenance                             | -                                           | 1,148,377                                            | 1,148,377      |
| Communications charges                              | -                                           | 342,928                                              | 342,928        |
| Depreciation and amortization                       | 104,778                                     | 566,348                                              | 671,126        |
| Other operating expenses                            | 274,444                                     | 168,964                                              | 443,408        |
| Total operating expenses                            | 32,433,627                                  | 9,251,327                                            | 41,684,954     |
| Operating income / (loss)                           | 111,796,525                                 | (3,347,331)                                          | 108,449,194    |
| <b>Non-operating revenues / (expenses)</b>          |                                             |                                                      |                |
| Interest income                                     | 45,052,336                                  | 479,994                                              | 45,532,330     |
| Interest expense                                    | (13,357,928)                                | -                                                    | (13,357,928)   |
| Caltrans operating grants                           | 594,987                                     | 5,201,753                                            | 5,796,740      |
| Federal operating grants                            | -                                           | 1,163,811                                            | 1,163,811      |
| Operating grants from other agencies                | -                                           | 101,224                                              | 101,224        |
| Gain / (loss) on sale of investments                | 81,644                                      | (15,498)                                             | 66,146         |
| Total non-operating revenues, net                   | 32,371,039                                  | 6,931,284                                            | 39,302,323     |
| Income before operating and capital transfers       | 144,167,564                                 | 3,583,953                                            | 147,751,517    |
| <b>Transfers</b>                                    |                                             |                                                      |                |
| Transfers to Metropolitan Transportation Commission | (25,248,871)                                | (1,763,935)                                          | (27,012,806)   |
| Net income before capital transfers                 | 118,918,693                                 | 1,820,018                                            | 120,738,711    |
| <b>Capital transfers</b>                            |                                             |                                                      |                |
| Transfers to Caltrans                               | (300,347,398)                               | -                                                    | (300,347,398)  |
| Transfer to other agencies                          | (890,706)                                   | -                                                    | (890,706)      |
| Total capital transfers                             | (301,238,104)                               | -                                                    | (301,238,104)  |
| Change in net assets                                | (182,319,411)                               | 1,820,018                                            | (180,499,393)  |
| Total net assets - beginning                        | 572,536,332                                 | 23,217,728                                           | 595,754,060    |
| Total net assets - ending                           | \$ 390,216,921                              | \$ 25,037,746                                        | \$ 415,254,667 |

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, 2003**

|                                                                                   | Business-type Activities - Enterprise Funds |                                                      |                       |
|-----------------------------------------------------------------------------------|---------------------------------------------|------------------------------------------------------|-----------------------|
|                                                                                   | Bay Area<br>Toll Authority                  | Service Authority<br>for Freeways and<br>Expressways | Total                 |
| <b>Cash flows from operating activities</b>                                       |                                             |                                                      |                       |
| Cash receipts from users                                                          | \$ 144,598,099                              | \$ 5,809,298                                         | \$ 150,407,397        |
| Cash payments to suppliers for services                                           | (12,607,726)                                | (10,004,160)                                         | (22,611,886)          |
| Other receipts/(payments)                                                         | 6,585,093                                   | 19,172                                               | 6,604,265             |
| <b>Net cash provided by / (used in)<br/>operating activities</b>                  | <b>138,575,466</b>                          | <b>(4,175,690)</b>                                   | <b>134,399,776</b>    |
| <b>Cash flows from non-capital financing activities</b>                           |                                             |                                                      |                       |
| Caltrans operating grants                                                         | 305,004                                     | 5,787,585                                            | 6,092,589             |
| Federal operating grants                                                          | -                                           | 6,094                                                | 6,094                 |
| <b>Net cash provided by non-capital<br/>financing activities</b>                  | <b>305,004</b>                              | <b>5,793,679</b>                                     | <b>6,098,683</b>      |
| <b>Cash flows from capital and related financing activities</b>                   |                                             |                                                      |                       |
| Interest paid on bonds & capital leases                                           | (19,739,529)                                | -                                                    | (19,739,529)          |
| Amounts charged against ARF                                                       | 26,744                                      | -                                                    | 26,744                |
| Proceeds from issuance of revenue bonds                                           | 300,000,000                                 | -                                                    | 300,000,000           |
| Bond issuance cost                                                                | (3,528,727)                                 | -                                                    | (3,528,727)           |
| Transfers to MTC                                                                  | (24,891,991)                                | (1,237,657)                                          | (26,129,648)          |
| Transfers to SAFE                                                                 | (1,337,278)                                 | 1,337,278                                            | -                     |
| Expenditures for facilities, property and equipment                               | -                                           | (1,337,278)                                          | (1,337,278)           |
| Transfer to Caltrans for capital expenses                                         | (329,518,305)                               | -                                                    | (329,518,305)         |
| Transfer to Other Agencies                                                        | (1,267,391)                                 | -                                                    | (1,267,391)           |
| <b>Net cash used in capital and related<br/>financing activities</b>              | <b>(80,256,477)</b>                         | <b>(1,237,657)</b>                                   | <b>(81,494,134)</b>   |
| <b>Cash flows from investing activities</b>                                       |                                             |                                                      |                       |
| Proceeds from sale & maturities of investments                                    | 2,285,664,707                               | 30,239,894                                           | 2,315,904,601         |
| Purchase of investments                                                           | (2,265,956,208)                             | (33,519,496)                                         | (2,299,475,704)       |
| Interest and dividends received                                                   | 28,011,416                                  | 301,301                                              | 28,312,717            |
| <b>Net cash provided by (used in) investing activities</b>                        | <b>47,719,915</b>                           | <b>(2,978,301)</b>                                   | <b>44,741,614</b>     |
| <b>Net increase (decrease) in cash and cash equivalents</b>                       | <b>106,343,908</b>                          | <b>(2,597,969)</b>                                   | <b>103,745,939</b>    |
| <b>Balances - Beginning of year</b>                                               | <b>278,384,547</b>                          | <b>8,253,887</b>                                     | <b>286,638,434</b>    |
| <b>Balances - End of year</b>                                                     | <b>\$ 384,728,455</b>                       | <b>\$ 5,655,918</b>                                  | <b>\$ 390,384,373</b> |
| <b>Schedule of noncash activities</b>                                             |                                             |                                                      |                       |
| Change in the fair value of investments<br>that are not cash and cash equivalents | \$ 278,685                                  | \$ -                                                 | \$ 278,685            |

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, 2003**

|                                                                                                    | Business-type Activities - Enterprise Funds |                                                             |                       |
|----------------------------------------------------------------------------------------------------|---------------------------------------------|-------------------------------------------------------------|-----------------------|
|                                                                                                    | <u>Bay Area<br/>Toll Authority</u>          | Service Authority<br>for Freeways and<br><u>Expressways</u> | <u>Total</u>          |
| <b>Reconciliation of operating income to net cash provided by / (used in) operating activities</b> |                                             |                                                             |                       |
| Operating income / (loss)                                                                          | \$ 107,268,513                              | \$ (4,547,117)                                              | \$ 102,721,396        |
| Adjustments to reconcile operating income to net cash provided by operating activities:            |                                             |                                                             |                       |
| Depreciation and amortization                                                                      | 142,585                                     | 471,964                                                     | 614,549               |
| Net effect of changes in:                                                                          |                                             |                                                             |                       |
| Tolls due from Caltrans                                                                            | 398,223                                     | -                                                           | 398,223               |
| Maintenance funding due from Caltrans                                                              | 4,250,756                                   | -                                                           | 4,250,756             |
| Prepaid expenses and other assets                                                                  | (15,188)                                    | 5,274                                                       | (9,914)               |
| Due to Caltrans                                                                                    | 26,753,638                                  | -                                                           | 26,753,638            |
| Other receivables due from Caltrans                                                                | 429,107                                     | -                                                           | 429,107               |
| Accounts payable and accrued expenses                                                              | (652,168)                                   | (105,811)                                                   | (757,979)             |
| <b>Net cash provided by / (used in) operating activities</b>                                       | <b>\$ 138,575,466</b>                       | <b>\$ (4,175,690)</b>                                       | <b>\$ 134,399,776</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, 2002**

|                                                                                   | Business-type Activities - Enterprise Funds |                                                      |                       |
|-----------------------------------------------------------------------------------|---------------------------------------------|------------------------------------------------------|-----------------------|
|                                                                                   | Bay Area<br>Toll Authority                  | Service Authority<br>for Freeways and<br>Expressways | Total                 |
| <b>Cash flows from operating activities</b>                                       |                                             |                                                      |                       |
| Cash receipts from users                                                          | \$ 142,145,243                              | \$ 5,920,585                                         | \$ 148,065,828        |
| Cash payments to suppliers for services                                           | (36,571,248)                                | (9,380,546)                                          | (45,951,794)          |
| Other receipts/(payments)                                                         | 18,419,087                                  | 6,588                                                | 18,425,675            |
| <b>Net cash provided by / (used in)<br/>operating activities</b>                  | <b>123,993,082</b>                          | <b>(3,453,373)</b>                                   | <b>120,539,709</b>    |
| <b>Cash flows from non-capital financing activities</b>                           |                                             |                                                      |                       |
| Caltrans operating grants                                                         | 594,987                                     | 498,130                                              | 1,093,117             |
| Federal operating grants                                                          | -                                           | 156,972                                              | 156,972               |
| Operating grants from other agencies                                              | -                                           | 101,224                                              | 101,224               |
| <b>Net cash provided by non-capital<br/>financing activities</b>                  | <b>594,987</b>                              | <b>756,326</b>                                       | <b>1,351,313</b>      |
| <b>Cash flows from capital and related financing activities</b>                   |                                             |                                                      |                       |
| Interest paid on bonds & capital leases                                           | (12,626,631)                                | -                                                    | (12,626,631)          |
| Amounts charged against ARF                                                       | 36,155                                      | -                                                    | 36,155                |
| Acquisition of capital assets                                                     | -                                           | (35,264)                                             | (35,264)              |
| Transfers to MTC                                                                  | (25,248,871)                                | (1,763,935)                                          | (27,012,806)          |
| Advances from MTC                                                                 | -                                           | 242,033                                              | 242,033               |
| Transfer to Caltrans for capital expenses                                         | (300,347,398)                               | -                                                    | (300,347,398)         |
| Transfer to Other Agencies                                                        | (890,706)                                   | -                                                    | (890,706)             |
| <b>Net cash used in capital and related<br/>financing activities</b>              | <b>(339,077,451)</b>                        | <b>(1,557,166)</b>                                   | <b>(340,634,617)</b>  |
| <b>Cash flows from investing activities</b>                                       |                                             |                                                      |                       |
| Proceeds from sale & maturities of investments                                    | 1,442,585,760                               | 32,812,615                                           | 1,475,398,375         |
| Purchase of investments                                                           | (1,596,001,190)                             | (35,678,910)                                         | (1,631,680,100)       |
| Interest and dividends received                                                   | 37,543,113                                  | 527,330                                              | 38,070,443            |
| <b>Net cash used in investing activities</b>                                      | <b>(115,872,317)</b>                        | <b>(2,338,965)</b>                                   | <b>(118,211,282)</b>  |
| <b>Net decrease in cash and cash equivalents</b>                                  | <b>(330,361,699)</b>                        | <b>(6,593,178)</b>                                   | <b>(336,954,877)</b>  |
| <b>Balances - Beginning of year</b>                                               | <b>608,746,246</b>                          | <b>14,847,065</b>                                    | <b>623,593,311</b>    |
| <b>Balances - End of year</b>                                                     | <b>\$ 278,384,547</b>                       | <b>\$ 8,253,887</b>                                  | <b>\$ 286,638,434</b> |
| <b>Schedule of noncash activities</b>                                             |                                             |                                                      |                       |
| Change in the fair value of investments<br>that are not cash and cash equivalents | \$ 4,550,565                                | \$ -                                                 | \$ 4,550,565          |

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, 2002**

|                                                                                                    | Business-type Activities - Enterprise Funds |                                                               |                       |
|----------------------------------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------------------------|-----------------------|
|                                                                                                    | <u>Bay Area<br/>Toll Authority</u>          | <u>Service Authority<br/>for Freeways and<br/>Expressways</u> | <u>Total</u>          |
| <b>Reconciliation of operating income to net cash provided by / (used in) operating activities</b> |                                             |                                                               |                       |
| Operating income / (loss)                                                                          | \$ 111,796,525                              | \$ (3,347,331)                                                | \$ 108,449,194        |
| Adjustments to reconcile operating income to net cash provided by operating activities:            |                                             |                                                               |                       |
| Depreciation and amortization                                                                      | 104,778                                     | 566,348                                                       | 671,126               |
| Net effect of changes in:                                                                          |                                             |                                                               |                       |
| Registration fees receivable                                                                       | -                                           | 23,177                                                        | 23,177                |
| Tolls due from Caltrans                                                                            | (192,016)                                   | -                                                             | (192,016)             |
| Maintenance funding due from Caltrans                                                              | 15,506,163                                  | -                                                             | 15,506,163            |
| TransBay Study funding due from Caltrans                                                           | 1,623,114                                   | -                                                             | 1,623,114             |
| Prepaid expenses and other assets                                                                  | (96,172)                                    | (7,924)                                                       | (104,096)             |
| Due to Caltrans                                                                                    | (4,802,246)                                 | -                                                             | (4,802,246)           |
| Other receivables due from Caltrans                                                                | (603,083)                                   | -                                                             | (603,083)             |
| Accounts payable and accrued expenses                                                              | 656,019                                     | (687,643)                                                     | (31,624)              |
| <b>Net cash provided by / (used in) operating activities</b>                                       | <b>\$ 123,993,082</b>                       | <b>\$ (3,453,373)</b>                                         | <b>\$ 120,539,709</b> |

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

**Metropolitan Transportation Commission**  
**Statement of Fiduciary Net Assets – Fiduciary Funds**  
**June 30, 2003 and 2002**

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|                                                       | 2003<br>Fiduciary<br><u>Funds</u> | 2002<br>Fiduciary<br><u>Funds</u> |
|-------------------------------------------------------|-----------------------------------|-----------------------------------|
| <b>Assets</b>                                         |                                   |                                   |
| Restricted assets held by participating counties      | \$ 73,136,486                     | \$ 52,784,924                     |
| Restricted assets held by State Board of Equalization | 4,983,274                         | 8,779,857                         |
| Due from State of California                          | 282,631                           | 813,715                           |
| Interest receivable                                   | -                                 | 116,920                           |
| <b>Total Assets</b>                                   | <u>\$ 78,402,391</u>              | <u>\$ 62,495,416</u>              |
| <b>Liabilities</b>                                    |                                   |                                   |
| Accounts payable                                      | \$ 9,146,500                      | \$ -                              |
| Accrued expenses                                      | 797,757                           | -                                 |
| Due to other governments                              | 68,458,134                        | 62,495,416                        |
| <b>Total Liabilities</b>                              | <u>\$ 78,402,391</u>              | <u>\$ 62,495,416</u>              |

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

**Metropolitan Transportation Commission**  
**Statement of Changes in Fiduciary Net Assets – Fiduciary Funds**  
**For the Years Ended June 30, 2003 and 2002**

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|                                                 | 2003<br>Fiduciary<br><u>Funds</u> | 2002<br>Fiduciary<br><u>Funds</u> |
|-------------------------------------------------|-----------------------------------|-----------------------------------|
| <b>Additions</b>                                |                                   |                                   |
| Local Transportation Fund                       | \$ 254,380,642                    | \$ 266,473,341                    |
| AB1107 fees                                     | 55,818,684                        | 57,600,759                        |
| Investment earnings                             |                                   |                                   |
| Interest                                        | 2,029,002                         | 4,518,218                         |
| Total additions                                 | <u>312,228,328</u>                | <u>328,592,318</u>                |
| <b>Deductions</b>                               |                                   |                                   |
| Allocations                                     | 296,553,526                       | 387,508,842                       |
| Administrative                                  | 9,712,084                         | 10,185,267                        |
| Total deductions                                | <u>306,265,610</u>                | <u>397,694,109</u>                |
| <b>Net of additions over (under) deductions</b> | 5,962,718                         | (69,101,791)                      |
| <b>Due to other governments, July 1, 2002</b>   | <u>62,495,416</u>                 | <u>131,597,207</u>                |
| <b>Due to other governments, June 30, 2003</b>  | <u>\$ 68,458,134</u>              | <u>\$ 62,495,416</u>              |

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

# Metropolitan Transportation Commission

## Financial Statements for the years ended June 30, 2003 and 2002

### 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 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 as required by the Streets 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

# Metropolitan Transportation Commission

## Financial Statements for the years ended June 30, 2003 and 2002

### Notes to Financial Statements

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Streets and Highway Code and to pay Caltrans for costs incurred and as authorized in the annual budgets adopted by BATA.

The responsibilities of Caltrans reside with the ownership, operation and maintenance of the bridges, including the collection of the toll revenues, the installation, maintenance and operations of toll collections facilities and equipment, the generation and maintenance of proper records relating to the collection, accounting, allocation and the disbursements of all toll funds collected. Under the terms of the Cooperative Agreement signed in January 2003, BATA will assume responsibility for electronic toll collection starting in December 2004.

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 Callbox 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 Callbox 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.

#### iii.) MTC Special Revenue Funds

**Transit Reserves Fund** – The 1998 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. When the state-owned toll bridges became eligible for federal funding in April 2000, transit operations could no



# Metropolitan Transportation Commission

## Financial Statements for the years ended June 30, 2003 and 2002

### Notes to Financial Statements

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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 Reserves Fund** – Arise 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. 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 30 percent for West Bay rail improvements.

**AB664 Net Toll Revenue Reserves Fund** – Are generated from a 1997 toll increase on the three southern bay area bridges; namely, 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. These funds are allocated 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 AB664 Net Toll Revenue Reserves are used to match federal transit funds designated for replacement buses and capital facility improvement.

**Exchange Funds** – Are used for the MTC projects adopted as part of its State Transit Program (STP) and Congestion Mitigation and Air Quality Improvement (CMAQ) programs. STP funds include flexible funding for projects on any Federal-aid highway, including the National Highway System, bridge projects, public roads, transit capital projects, and intracity and intercity bus terminals and facilities. CMAQ funds provide funding for up to 3 years for capital projects and new operating programs as in the areas of TCMs, Cold Start Programs, Alternative Fuels, Traffic Flow Improvements, Specific Transit Improvements such as new, lower emission transit vehicles, TransLink®, Travel Demand Management, Bicycle and Pedestrian Facilities and Outreach and Rideshare Activities.

**State Transit Assistance (STA) Fund** – 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 and revenue-based accounts. PUC Section 99313 defines population based funds and PUC Section 99314 defines revenue based funds.

# Metropolitan Transportation Commission

## Financial Statements for the years ended June 30, 2003 and 2002

### Notes to Financial Statements

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

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

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the 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 revenues 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 disclosure requirements. For the year ended June 30, 2003, MTC adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosure*.

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.

# Metropolitan Transportation Commission

## Financial Statements for the years ended June 30, 2003 and 2002

### Notes to Financial Statements

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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 soon enough thereafter to pay liabilities of the current period.

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 MTC Bridge Toll Funds, the Exchange Fund, the STA Fund and the Feeder Bus Fund. The MTC Bridge Toll Funds comprise the Transit Reserves Fund, the Rail Extension Reserves Fund and the AB664 Net Toll Revenue Reserves Fund.

The major governmental funds comprise the General Fund, Transit Reserve Fund, Rail Extension Reserve Fund, the AB664 Net Toll Revenue Reserves Fund, the Exchange Fund, the STA Fund, and the Feeder Bus Fund. 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 all governmental 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:

The *AB1107 fund* is used to account for the activities of the AB1107 Program. AB1107 funds are sales tax revenue collected under the ordinance adopted pursuant to Section 29140 of the Public Utilities Code. These funds are administered by the MTC for allocation to the Alameda-Contra Costa Transit District (AC Transit) and the City and County of San Francisco for its municipal railway system (MUNI) on the basis of regional priorities established by the MTC.

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2003 and 2002**  
**Notes to Financial Statements**

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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, the 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.

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2003 and 2002**  
**Notes to Financial Statements**

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**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 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 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 callboxes, 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            |
| Callboxes                      | 10           |

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2003 and 2002**  
**Notes to Financial Statements**

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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. Amounts restricted for other purposes represent net assets restricted for expenditures other than those relating to capital expenditures. These include funds set aside for legal contingencies, High Occupancy Vehicle (“HOV”) costs, building replacement costs and a loan receivable from an agency.

**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 39 for the year ended June 30, 2003. The cost of retiree health care insurance premiums is recognized as an expense as premiums are paid. For the years ended June 30, 2003 and 2002, those costs totaled \$152,096 and \$120,377, 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–Milius–Brown Act. A liability exists for accumulated vacation and sick leave. 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 \$17,776,724 and \$22,027,480 at June 30, 2003 and 2002, 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, 2003 and 2002, Caltrans incurred \$4,250,756 and \$15,506,163, respectively in expenses as an offset against the settlement.

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2003 and 2002**  
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**M. Toll revenues Collected by Caltrans**

Except for the seismic retrofit charge, Caltrans collects all toll revenues from the operation of the bridges and transfers such revenues to BATA. BATA recognizes toll revenue as amounts are earned from vehicle utilization of the toll bridges.

**N. 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.

**O. 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.

**P. 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 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.

**Q. Operating and Nonoperating Revenues and Expenses**

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

**2. CASH AND INVESTMENTS**

Investments are stated at fair value. As a matter of policy, MTC holds investments to maturity with the objective of preservation and safeguarding of capital until the date of anticipated need.

At June 30, 2003 and 2002, the MTC's carrying amount of cash in checking and money market accounts was \$162,401,355 and \$151,888,694, respectively while the bank balance was \$162,969,269 and \$152,747,004, respectively with the difference represented primarily by outstanding checks. Of the bank balances at June 30, 2003 and 2002, \$211,589 and \$393,374 was insured by federal depository insurance or collateralized by securities held by MTC's agent in MTC's name and an amount of \$162,189,766 is required by Section 53652 of the California Government Code to be collateralized 110% 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% and 105%, respectively. Such collateral is not required to be in MTC's name.

# Metropolitan Transportation Commission

## Financial Statements for the years ended June 30, 2003 and 2002

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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% 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.

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 "A" or better
- Corporate notes – Rated "A" or better
- Municipal bonds
- Mutual funds – Rated "A" or better
- Asset backed securities
- Other investment types authorized by state law and not prohibited in the MTC investment policy

BATA has covenanted to maintain an operations and maintenance reserve of two times the adopted operations and maintenance budget, as well as an extraordinary reserve of \$50 million. At June 30, 2003, BATA had restricted \$80 million as the restricted operations and maintenance reserve and \$50 million as the restricted extraordinary costs reserve. These amounts are shown as restricted long-term investments for the year ended June 30, 2003. MTC also has \$5,187,787 cash restricted for costs for the Express Bus purchases funded with the Traffic Relief Program funds.

The MTC holds a position in the investment pool of County of Alameda in the amount of \$27,917,359. 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



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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, 2003.

A reconciliation of Cash and Investments as shown on the Statement of Net Assets for all funds at June 30, 2003 and 2002 is as follows:

|                                         | <b>2003</b>                  | <b>2002</b>                  |
|-----------------------------------------|------------------------------|------------------------------|
| Cash                                    | \$ 162,401,355               | \$ 151,888,694               |
| Investments                             | <u>817,819,269</u>           | <u>724,798,436</u>           |
| Total cash and investments              | <u><u>\$ 980,220,624</u></u> | <u><u>\$ 876,687,130</u></u> |
| Reported as:                            |                              |                              |
| Unrestricted cash and cash equivalents  | \$ 486,839,326               | \$ 355,041,570               |
| Unrestricted investments                | <u>358,193,511</u>           | <u>396,645,560</u>           |
| Total unrestricted cash and investments | <u>845,032,837</u>           | <u>751,687,130</u>           |
| Restricted cash and cash equivalents    | 5,187,787                    | -                            |
| Restricted investments                  | <u>130,000,000</u>           | <u>125,000,000</u>           |
| Total restricted cash and investments   | <u>135,187,787</u>           | <u>125,000,000</u>           |
| Total cash and investments              | <u><u>\$ 980,220,624</u></u> | <u><u>\$ 876,687,130</u></u> |

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**Financial Statements for the years ended June 30, 2003 and 2002**  
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**3. CAPITAL ASSETS**

A summary of changes in capital assets for the years ended June 30, 2003 and 2002 is as follows:

**Governmental activities**

|                                     | <b>Beginning<br/>Balance<br/>July 1, 2002</b> | <b>Additions</b>    | <b>Retirements</b> | <b>Ending<br/>Balance<br/>June 30, 2003</b> |
|-------------------------------------|-----------------------------------------------|---------------------|--------------------|---------------------------------------------|
| Capital assets, being depreciated:  |                                               |                     |                    |                                             |
| Buildings and improvements          | \$ 4,698,808                                  | \$ 19,651           | \$ -               | \$ 4,718,459                                |
| Office furniture and equipment      | 2,764,993                                     | 36,144              | (115,020)          | 2,686,117                                   |
| Leased equipment                    | 83,430                                        | -                   | -                  | 83,430                                      |
| Automobiles                         | 185,548                                       | -                   | (9,136)            | 176,412                                     |
| Total cash assets being depreciated | <u>7,732,779</u>                              | <u>55,795</u>       | <u>(124,156)</u>   | <u>7,664,418</u>                            |
| Less accumulated depreciation for:  |                                               |                     |                    |                                             |
| Buildings and improvements          | 1,901,416                                     | 174,380             | -                  | 2,075,796                                   |
| Office furniture and equipment      | 2,200,996                                     | 160,662             | (111,960)          | 2,249,698                                   |
| Leased equipment                    | 12,166                                        | 19,082              | -                  | 31,248                                      |
| Automobiles                         | 152,350                                       | 18,864              | (9,136)            | 162,078                                     |
| Total accumulated depreciation      | <u>4,266,928</u>                              | <u>372,988</u>      | <u>(121,096)</u>   | <u>4,518,820</u>                            |
| Total capital assets, net           | <u>\$ 3,465,851</u>                           | <u>\$ (317,193)</u> | <u>\$ (3,060)</u>  | <u>\$ 3,145,598</u>                         |

**Business-type activities**

|                                     | <b>Beginning<br/>Balance<br/>July 1, 2002</b> | <b>Additions</b>  | <b>Retirements</b> | <b>Ending<br/>Balance<br/>June 30, 2003</b> |
|-------------------------------------|-----------------------------------------------|-------------------|--------------------|---------------------------------------------|
| Capital assets, being depreciated:  |                                               |                   |                    |                                             |
| Office furniture and equipment      | \$ 1,075,462                                  | \$ -              | \$ (22,992)        | \$ 1,052,470                                |
| Callboxes                           | 9,144,800                                     | 1,337,278         | -                  | 10,482,078                                  |
| Total cash assets being depreciated | <u>10,220,262</u>                             | <u>1,337,278</u>  | <u>(22,992)</u>    | <u>11,534,548</u>                           |
| Less accumulated depreciation for:  |                                               |                   |                    |                                             |
| Office furniture and equipment      | 891,154                                       | 92,814            | (22,982)           | 960,986                                     |
| Callboxes                           | 8,055,377                                     | 381,181           | -                  | 8,436,558                                   |
| Total accumulated depreciation      | <u>8,946,531</u>                              | <u>473,995</u>    | <u>(22,982)</u>    | <u>9,397,544</u>                            |
| Total capital assets, net           | <u>\$ 1,273,731</u>                           | <u>\$ 863,283</u> | <u>\$ (10)</u>     | <u>\$ 2,137,004</u>                         |

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**Financial Statements for the years ended June 30, 2003 and 2002**  
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**3. CAPITAL ASSETS (continued)**

| <b>Governmental activities</b>         |                              |                  |                    |                           |
|----------------------------------------|------------------------------|------------------|--------------------|---------------------------|
|                                        | <b>Beginning<br/>Balance</b> |                  |                    | <b>Ending<br/>Balance</b> |
|                                        | <b>July 1, 2001</b>          | <b>Additions</b> | <b>Retirements</b> | <b>June 30, 2002</b>      |
| Capital assets, being depreciated      |                              |                  |                    |                           |
| Buildings and improvements             | \$ 4,578,057                 | \$ 120,751       | \$ -               | \$ 4,698,808              |
| Office furniture and Equipment         | 2,698,664                    | 66,329           | -                  | 2,764,993                 |
| Leased Equipment                       | 63,797                       | 83,430           | (63,797)           | 83,430                    |
| Automobiles                            | 163,063                      | 22,485           | -                  | 185,548                   |
| Total capital assets being depreciated | 7,503,581                    | 292,995          | (63,797)           | 7,732,779                 |
| Less accumulated depreciation for      |                              |                  |                    |                           |
| Buildings and improvements             | 1,731,203                    | 170,213          | -                  | 1,901,416                 |
| Office furniture and Equipment         | 2,003,563                    | 197,433          | -                  | 2,200,996                 |
| Leased Equipment                       | 44,658                       | 12,166           | (44,658)           | 12,166                    |
| Automobiles                            | 128,898                      | 23,452           | -                  | 152,350                   |
| Total accumulated depreciation         | 3,908,322                    | 403,264          | (44,658)           | 4,266,928                 |
| Total capital assets, net              | \$ 3,595,259                 | \$ (110,269)     | \$ (19,139)        | \$ 3,465,851              |
|                                        |                              |                  |                    |                           |
| <b>Business-type activities</b>        |                              |                  |                    |                           |
|                                        | <b>Beginning<br/>Balance</b> |                  |                    | <b>Ending<br/>Balance</b> |
|                                        | <b>July 1, 2001</b>          | <b>Additions</b> | <b>Retirements</b> | <b>June 30, 2002</b>      |
| Capital assets, being depreciated      |                              |                  |                    |                           |
| Office furniture and Equipment         | \$ 1,040,198                 | \$ 35,264        | \$ -               | \$ 1,075,462              |
| Callboxes                              | 9,144,800                    | -                | -                  | 9,144,800                 |
| Total capital assets being depreciated | 10,184,998                   | 35,264           | -                  | 10,220,262                |
| Less accumulated depreciation for      |                              |                  |                    |                           |
| Office furniture and Equipment         | 798,704                      | 92,450           | -                  | 891,154                   |
| Callboxes                              | 7,579,450                    | 475,927          | -                  | 8,055,377                 |
| Total accumulated depreciation         | 8,378,154                    | 568,377          | -                  | 8,946,531                 |
| Total capital assets, net              | \$ 1,806,844                 | \$ (533,113)     | \$ -               | \$ 1,273,731              |

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**4. LONG-TERM DEBT**

General Revenue Bonds were issued during May 2001 and February 2003 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 and 2003 General Revenue Bonds, and (iii) pay costs incurred in connection with the issuance of the Series 2001 General Revenue Bonds. A summary of changes in long-term debt for years ended June 30, 2003 and 2002 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, 2002</b> | <b>Additions</b>      | <b>Reductions</b> | <b>Ending Balance June 30, 2003</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         | 4.13% ***            | 2038                          | 75,000,000             | -                                     | 75,000,000            | -                 | 75,000,000                          | -                          |
| 2003 Revenue Bond Series B | 2/12/2003         | 4.13% ***            | 2038                          | 75,000,000             | -                                     | 75,000,000            | -                 | 75,000,000                          | -                          |
| 2003 Revenue Bond Series C | 2/12/2003         | 4.14% ****           | 2038                          | 150,000,000            | -                                     | 150,000,000           | -                 | 150,000,000                         | -                          |
|                            |                   |                      |                               | <u>\$ 700,000,000</u>  | <u>400,000,000</u>                    | <u>300,000,000</u>    | <u>-</u>          | <u>700,000,000</u>                  | <u>\$ -</u>                |
| Unamortized bond premium   |                   |                      |                               |                        | 1,328,849                             | -                     | 83,928            | 1,244,921                           |                            |
| Net long-term debt         |                   |                      |                               |                        | <u>\$ 401,328,849</u>                 | <u>\$ 300,000,000</u> | <u>\$ 83,928</u>  | <u>\$ 701,244,921</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. Of the \$150,000,000 Series A bonds, \$75,000,000 was swapped to a fixed rate of 4.09% and \$75,000,000 was swapped to a fixed rate of 4.10%.

\*\* 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, for 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. Series A and B bonds were swapped to a fixed rate of 4.13%

\*\*\*\* 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. The \$50,000,000 bonds were swapped to a fixed rate of 4.14%. 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 0.90% as of June 30, 2003.

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**4. LONG-TERM DEBT (continued)**

| Business-type activities                                                                                                                                                                                                                                                                                                                                | Issue Date | Interest Rate |    | Calendar Maturity Year | Original Amount | Beginning Balance July 1, 2001 | Additions | Reductions | Ending Balance June 30, 2002 | Due Within One Year |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|---------------|----|------------------------|-----------------|--------------------------------|-----------|------------|------------------------------|---------------------|
| 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                  | -                   |
|                                                                                                                                                                                                                                                                                                                                                         |            |               |    |                        | \$ 400,000,000  | 400,000,000                    | -         | -          | 400,000,000                  | \$ -                |
| Unamortized bond premium                                                                                                                                                                                                                                                                                                                                |            |               |    |                        |                 | 1,412,776                      | -         | 83,928     | 1,328,849                    |                     |
| Net long-term debt                                                                                                                                                                                                                                                                                                                                      |            |               |    |                        |                 | \$ 401,412,776                 | \$ -      | \$ 83,928  | \$ 401,328,849               |                     |
| <p>* 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. Of the \$150,000,000 Series A bonds, \$75,000,000 was swapped to a fixed rate of 4.09% and \$75,000,000 was swapped to a fixed rate of 4.10% .</p> |            |               |    |                        |                 |                                |           |            |                              |                     |
| <p>** 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, for a true interest cost of 4.83% .</p>                                                                                                                                             |            |               |    |                        |                 |                                |           |            |                              |                     |

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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, 2003 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>   |
| 2004                            | \$ -                      | \$ 29,608,986            | \$ 29,608,986           |
| 2005                            | -                         | 29,500,618               | 29,500,618              |
| 2006                            | 5,785,000                 | 29,473,437               | 35,258,437              |
| 2007                            | 6,015,000                 | 29,240,504               | 35,255,504              |
| 2008-2012                       | 59,485,000                | 139,813,589              | 199,298,589             |
| 2013-2017                       | 75,200,000                | 124,508,415              | 199,708,415             |
| 2018-2022                       | 95,415,000                | 105,713,573              | 201,128,573             |
| 2023-2027                       | 120,500,000               | 83,840,242               | 204,340,242             |
| 2028-2032                       | 152,600,000               | 56,289,740               | 208,889,740             |
| 2033-2038                       | 185,000,000               | 22,231,288               | 207,231,288             |
|                                 | <u>\$ 700,000,000</u>     | <u>\$ 650,220,392</u>    | <u>\$ 1,350,220,392</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 6).

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% 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, 2003, BATA had restricted \$80 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, 2003.

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.

# Metropolitan Transportation Commission

## Financial Statements for the years ended June 30, 2003 and 2002

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#### 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, CitiCorp 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% to 4.12% 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% 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 \$400 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%. In exchange, BATA will receive a variable rate payment based on 65% of the one-month LIBOR rate for the life of the 2003 financing. The variable rate bonds associated with this swap were issued as part of BATA's 2003 \$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 counter-parties to post collateral if two triggering mechanisms are reached: counter-party 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, 2003, 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 does not exceed \$10 million. The ratings for Ambac and CitiCorp are "AAA/Aaa" and "AA-/Aa1" from Standard & Poor's and Moody's respectively.

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, 2003 the financial and investment advisory firm of Public Financial Management (PFM) established the termination value as of June 30, 2003 as follows:

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**Financial Statements for the years ended June 30, 2003 and 2002**  
**Notes to Financial Statements**

| <u>Notional Value</u> | <u>Counterparty</u>  | <u>Fixed Rate</u> | <u>Value due from /<br/>(to) counterparty</u> |
|-----------------------|----------------------|-------------------|-----------------------------------------------|
| \$ 75 million         | Ambac                | 4.110%            | \$ (10,501,700)                               |
| \$ 75 million         | Ambac                | 4.120%            | (11,047,100)                                  |
| \$ 75 million         | Morgan Stanley       | 4.090%            | (11,700,100)                                  |
| \$ 75 million         | Salomon Smith Barney | 4.100%            | (11,822,900)                                  |
| \$ 200 million        | Ambac                | 4.139%            | (31,642,400)                                  |
|                       |                      |                   | <u>\$ (76,714,200)</u>                        |

The termination value, if BATA terminated or defaulted on all swaps is approximately \$76.7 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 18.

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% and 4.139% for the 2001 and 2003 swap transactions, respectively. The total cost is 4.435% for the 2001 swap and 4.469% for the 2003 swap.

As of June 30, 2003, debt service requirements of the variable rate debt and net swap payments for 2001 Series A, B and C as 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>  |
|---------------------|--------------------------|-----------------------------|------------------------------------|-----------------------------------------------|-----------------------|
| 4/1/2004*           | \$ -                     | \$ 12,315,000               | \$ -                               | \$ 900,000                                    | \$ 13,215,000         |
| 4/1/2005*           | -                        | 12,315,000                  | -                                  | 900,000                                       | 13,215,000            |
| 4/1/2006**          | -                        | 2,662,500                   | 9,741,000                          | 900,000                                       | 13,303,500            |
| 4/1/2007            | -                        | 2,662,500                   | 9,741,000                          | 900,000                                       | 13,303,500            |
| 4/1/2008            | -                        | 2,662,500                   | 9,741,000                          | 900,000                                       | 13,303,500            |
| 4/1/2009-2036       | 300,000,000              | 55,378,225                  | 202,606,306                        | 18,719,400                                    | 576,703,931           |
|                     | <u>\$ 300,000,000</u>    | <u>\$ 87,995,725</u>        | <u>\$ 231,829,306</u>              | <u>\$ 23,219,400</u>                          | <u>\$ 643,044,431</u> |

As of June 30, 2003, debt service requirements of the variable rate debt and net swap payments for 2003 Series A, B and C as 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>  |
|---------------------|--------------------------|------------------------------|------------------------------------|-----------------------------------------------|-----------------------|
| 4/1/2004            | \$ -                     | \$ 1,775,000                 | \$ 6,562,000                       | \$ 600,000                                    | \$ 8,937,000          |
| 4/1/2005            | -                        | 1,775,000                    | 6,562,000                          | 600,000                                       | 8,937,000             |
| 4/1/2006            | -                        | 1,775,000                    | 6,562,000                          | 600,000                                       | 8,937,000             |
| 4/1/2007            | -                        | 1,775,000                    | 6,562,000                          | 600,000                                       | 8,937,000             |
| 4/1/2008            | 3,000,000                | 1,775,000                    | 6,562,000                          | 600,000                                       | 11,937,000            |
| 4/1/2009-2038       | 197,000,000              | 32,807,325                   | 121,285,446                        | 11,089,800                                    | 362,182,571           |
|                     | <u>\$ 200,000,000</u>    | <u>\$ 41,682,325</u>         | <u>\$ 154,095,446</u>              | <u>\$ 14,089,800</u>                          | <u>\$ 409,867,571</u> |



**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2003 and 2002**  
**Notes to Financial Statements**

|                                      | Series 2001 | Series 2003 |
|--------------------------------------|-------------|-------------|
|                                      | Bonds       | Bonds       |
| Interest Rate Swap                   |             |             |
| Fixed payment to counterparty*       | 4.105%      | 4.139%      |
| 65% Libor                            | -0.858%     | -0.858%     |
| Net interest rate swap payments***   | 3.247%      | 3.281%      |
| Variable Rate bond coupon payments** | 0.888%      | 0.888%      |
| Synthetic interest rate on bonds     | 4.135%      | 4.169%      |
| Remarketing/liquidity fee****        | 0.300%      | 0.300%      |
| Total Cost                           | 4.435%      | 4.469%      |

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

**5. LEASES**

**Capital Leases**

The MTC leases certain 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:

**Governmental Activities**

| <u>Year Ending June 30</u>                  | <u>Amount</u>    |
|---------------------------------------------|------------------|
| 2004                                        | \$ 22,597        |
| 2005                                        | 22,597           |
| 2006                                        | 9,968            |
| 2007                                        | 7,350            |
|                                             | <hr/>            |
| Total                                       | 62,512           |
| Less interest amounts                       | (7,515)          |
|                                             | <hr/>            |
| Present value of net minimum lease payments | <u>\$ 54,997</u> |

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2003 and 2002**  
**Notes to Financial Statements**

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**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, 2003 and 2002 was \$28,860 and \$28,860, respectively.

Future minimum rental payments required under the above operating leases as of June 30, 2003 are as follows:

| <u>Year Ending June 30</u> | <u>Amount</u>            |
|----------------------------|--------------------------|
| 2004                       | \$ 361,061               |
| 2005                       | <u>361,061</u>           |
| Total                      | <u><u>\$ 722,122</u></u> |

**6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of June 30, 2003 is as follows:

| <b>Transfer from:</b> | <b>Transfer to:</b> |                             |                          |                          |                      | <b>Total</b> |
|-----------------------|---------------------|-----------------------------|--------------------------|--------------------------|----------------------|--------------|
|                       | <b>General Fund</b> | <b>5% Transit Transfers</b> | <b>90% Regional Rail</b> | <b>AB664 Bridge Toll</b> |                      |              |
| Exchange              | \$ 91,689           | \$ -                        | \$ -                     | \$ -                     | \$ 91,689            |              |
| STA                   | 4,035,593           | -                           | -                        | -                        | 4,035,593            |              |
| BATA                  | 1,639,635           | 999,088                     | 9,972,589                | 12,280,679               | 24,891,991           |              |
| SAFE                  | 2,358,296           | -                           | -                        | -                        | 2,358,296            |              |
| Total                 | <u>\$ 8,125,213</u> | <u>\$ 999,088</u>           | <u>\$ 9,972,589</u>      | <u>\$ 12,280,679</u>     | <u>\$ 31,377,569</u> |              |

**Due to/from other funds**

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|---------------------|---------------|
| General Fund           | BATA                | \$ 220,820    |
| General Fund           | STA                 | \$ 442,013    |
| General Fund           | Exchange            | \$ 37,532     |
| SAFE                   | General Fund        | \$ 267,176    |

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2003 and 2002**  
**Notes to Financial Statements**

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The composition of interfund balances as of June 30, 2002 is as follows:

| Transfer from: | Transfer to:         |                      |                      |                      | Total                |
|----------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                | General Fund         | 5% Transit Transfers | 90% Regional Rail    | AB664 Bridge Toll    |                      |
| Exchange       | \$ 1,101,504         | \$ -                 | \$ -                 | \$ -                 | \$ 1,101,504         |
| STA            | 7,760,609            | -                    | -                    | -                    | 7,760,609            |
| BATA           | 1,589,270            | 1,169,742            | 10,007,625           | 12,482,234           | 25,248,871           |
| SAFE           | 1,763,935            | -                    | -                    | -                    | 1,763,935            |
| <b>Total</b>   | <b>\$ 12,215,318</b> | <b>\$ 1,169,742</b>  | <b>\$ 10,007,625</b> | <b>\$ 12,482,234</b> | <b>\$ 35,874,919</b> |

**Due to/from other funds**

| Receivable Fund | Payable Fund | Amount     |
|-----------------|--------------|------------|
| General Fund    | BATA         | \$ 108,207 |
| General Fund    | STA          | \$ 493,259 |
| General Fund    | Exchange     | \$ 62,698  |
| SAFE            | General Fund | \$ 824,321 |

**7. 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% 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% 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

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2003 and 2002**  
**Notes to Financial Statements**

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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 years ended June 30, 2003 and 2002, because of previously determined actuarial surplus, MTC was not required to make actual cash transfers to PERS. The amounts due, employer and member, were deducted from the surplus. Therefore, actual and required contributions were \$0. The required contribution for the year ended June 30, 2003 was determined as part of the June 30, 1998 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included a) 8.25% 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 3.5%. 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. The Plan's unfunded actuarial excess asset is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 1998 was 30 years.

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> |
|--------------------------|----------------------------------|--------------------------------------|
| 6/30/2001                | -                                | 100%                                 |
| 6/30/2002                | -                                | 100%                                 |
| 6/30/2003                | -                                | 100%                                 |

Funding progress information for MTC for 2002 is not available. The account surplus is expected to be exhausted in 2005. The MTC's funding progress information as of June 30, 2002 is illustrated as follows:

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued 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, 2000                   | \$ 43,765,185                    | \$ 29,898,463                                      | \$ 13,866,722                    | 146.4%              | \$ 8,283,503           | 167.4%                                           |
| 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%                                            |

**8. 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

# **Metropolitan Transportation Commission**

## **Financial Statements for the years ended June 30, 2003 and 2002**

### **Notes to Financial Statements**

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MTC's management, such as 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 \$2.5 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). The Parties agreed to provide a total of \$198.5 million to the Project by September 1, 1999, 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 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 secured 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% to 5.75%. Financial statements of the Authority can be obtained from BART, 800 Madison Avenue, Oakland, California 94607.

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;

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2003 and 2002**  
**Notes to Financial Statements**

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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             | Regional             | <u>Total</u>         |
|--------------------------------|----------------------|----------------------|----------------------|
|                                | Measure I            | Measure I            |                      |
|                                | <u>East Bay</u>      | <u>West Bay</u>      |                      |
| <u>Year Ending June 30</u>     |                      |                      |                      |
| 2004                           | \$ 7,000,000         | \$ 3,000,000         | \$ 10,000,000        |
| 2005                           | 7,000,000            | 3,000,000            | 10,000,000           |
| 2006                           | 7,000,000            | 3,000,000            | 10,000,000           |
| 2007                           | 301,000              | 3,000,000            | 3,301,000            |
| Total                          | <u>\$ 21,301,000</u> | <u>\$ 12,000,000</u> | <u>\$ 33,301,000</u> |

During the year ended June 30, 2003, MTC paid \$10,000,000 to BART increasing the total loan made to BART to \$39,935,000.

**9. 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.

## **SUPPLEMENTARY INFORMATION**

**Metropolitan Transportation Commission  
Schedule of Expenditures – Governmental General Fund  
For the Year Ended June 30, 2003**

**Schedule 1**

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|                                                                                                                                                    |                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| Expenditures by natural classification:                                                                                                            |                             |
| Salaries & benefits                                                                                                                                | \$ 13,165,394               |
| Travel                                                                                                                                             | 283,280                     |
| Professional fees                                                                                                                                  | 32,001,815                  |
| Overhead                                                                                                                                           | 1,244,695                   |
| Printing & Reproduction                                                                                                                            | 350,045                     |
| Other                                                                                                                                              | <u>1,160,916</u>            |
| <br>Reported as general government expenditures<br>in the Statement of Revenues, Expenditures and<br>Changes in Fund Balances - Governmental Funds |                             |
|                                                                                                                                                    | <u><u>\$ 48,206,145</u></u> |



**Metropolitan Transportation Commission  
Schedule of Overhead, Salaries and Benefit Expense -  
Governmental General Fund  
For the Year Ended June 30, 2003**

**Schedule 2**

|                                                     | Direct<br>Costs      | Indirect<br>Costs   | Total                |
|-----------------------------------------------------|----------------------|---------------------|----------------------|
| Salaries                                            | \$ 8,265,298         | \$ 1,591,835        | \$ 9,857,133         |
| Benefits                                            | 2,856,511            | 451,750             | 3,308,261            |
| <b>TOTAL SALARIES AND BENEFITS</b>                  | <b>\$ 11,121,809</b> | <b>\$ 2,043,585</b> | <b>\$ 13,165,394</b> |
| Reimbursable overhead:                              |                      |                     |                      |
| Printing and reprographics                          |                      | \$ 45,336           | \$ 45,336            |
| Computer services                                   |                      | 519,307             | 519,307              |
| Conference and training                             |                      | 69,323              | 69,323               |
| Auto expense                                        |                      | 13,493              | 13,493               |
| Travel expense/local mileage                        |                      | 13,533              | 13,533               |
| Transit tickets                                     |                      | 3,581               | 3,581                |
| Meeting room/office rent                            |                      | 241,358             | 241,358              |
| Office supplies                                     |                      | 74,973              | 74,973               |
| Equipment Rental                                    |                      | 37,852              | 37,852               |
| Equipment maintenance and repair                    |                      | 23,080              | 23,080               |
| Mailing and postage                                 |                      | 143,253             | 143,253              |
| Communications                                      |                      | 86,834              | 86,834               |
| Insurance                                           |                      | 84,454              | 84,454               |
| Subscriptions                                       |                      | 17,794              | 17,794               |
| Library acquisitions                                |                      | 18,311              | 18,311               |
| Personnel recruitment                               |                      | 61,101              | 61,101               |
| Public hearings                                     |                      | 21,003              | 21,003               |
| County auditor                                      |                      | 20,908              | 20,908               |
| Press clippings                                     |                      | 1,719               | 1,719                |
| Provide Graphic Services                            |                      | 2,488               | 2,488                |
| Law library                                         |                      | 20,930              | 20,930               |
| Parking                                             |                      | 20,227              | 20,227               |
| Legislative analysis services/supplies              |                      | 161                 | 161                  |
| RAFC maintenance - Third floor                      |                      | 10,233              | 10,233               |
| Janitorial services                                 |                      | 40,858              | 40,858               |
| Newswire services                                   |                      | 5,402               | 5,402                |
| Utilities                                           |                      | 68,865              | 68,865               |
| Storage rental                                      |                      | 15,226              | 15,226               |
| Advertisement/legal notices                         |                      | 16,171              | 16,171               |
| Advisory committees                                 |                      | 14,750              | 14,750               |
| Miscellaneous                                       |                      | 5,297               | 5,297                |
| Audio Reproduction/Supply                           |                      | 358                 | 358                  |
| Equipment less than \$5,000 in cost                 |                      | 17,177              | 17,177               |
| Memberships                                         |                      | 75,283              | 75,283               |
| Subtotal                                            |                      | 1,810,639           | 1,810,639            |
| Under absorbed for year ended June 30, 2003         |                      | (739,687)           | (739,687)            |
| Carryforward provision                              |                      | 173,743             | 173,743              |
| Total indirect costs excluding depreciation expense |                      | 1,244,695           | 1,244,695            |
| Depreciation expense                                |                      | 372,988             | 372,988              |
| Total indirect costs                                |                      | <u>\$ 1,617,683</u> | <u>\$ 1,617,683</u>  |

**Metropolitan Transportation Commission**  
**Schedule of Expenditures - Federal Highway Administration Grant**  
**No. 020WPM TCM**  
**For the Year Ended June 30, 2003**

**Schedule 3**

|                                                                | ABAG       | MTC          | Total        |
|----------------------------------------------------------------|------------|--------------|--------------|
| <b>Authorized expenditures</b>                                 |            |              |              |
| Federal                                                        | \$ 759,046 | \$ 4,454,279 | \$ 5,213,325 |
| Local Match                                                    | 98,342     | 577,099      | 675,441      |
| Total authorized expenditures                                  | 857,388    | 5,031,378    | 5,888,766    |
| <b>Actual Expenditures *</b>                                   |            |              |              |
| ABAG                                                           | 759,046    | -            | 759,046      |
| MTC                                                            |            |              |              |
| <u>Program No.</u> <u>Program Name</u>                         |            |              |              |
| 1111 Support the Commission                                    |            | 183,900      | 183,900      |
| 1112 Implement Public Information Program                      |            | 400,000      | 400,000      |
| 1114 Support advisory committees                               |            | 195,061      | 195,061      |
| 1121 2001 RTP follow-up                                        |            | 200,000      | 200,000      |
| 1122 Travel models and data                                    |            | 269,834      | 269,834      |
| 1123 Corridor Studies                                          |            | 110,000      | 110,000      |
| 1124 Support Airport, Seaport Freight Planning Committees      |            | 10,000       | 10,000       |
| 1125 Non-motorized transportation                              |            | 10,000       | 10,000       |
| 1131 Legislative Program                                       |            | 200,000      | 200,000      |
| 1154 Graphics                                                  |            | 150,000      | 150,000      |
| 1155 Computer support                                          |            | 400,000      | 400,000      |
| 1156 Library services                                          |            | 170,000      | 170,000      |
| 1211 Implement corridor-level management strategies            |            | 25,000       | 25,000       |
| 1212 Develop MTS performance measures                          |            | 75,000       | 75,000       |
| 1213 Implement Freeway Management program                      |            | 82,868       | 82,868       |
| 1221 Implement TransLink                                       |            | 300,000      | 300,000      |
| 1222 Regional rideshare program                                |            | 50,000       | 50,000       |
| 1223 Regional transportation marketing program                 |            | 50,000       | 50,000       |
| 1224 Implement regional traveler info services                 |            | 100,000      | 100,000      |
| 1225 Regional transit information system                       |            | 50,000       | 50,000       |
| 1227 Coordination projects                                     |            | 100,000      | 100,000      |
| 1229 Refine regional transportation emergency response program |            | 60,000       | 60,000       |
| 1233 Improve pavement management system (PMS)                  |            | 225,000      | 225,000      |
| 1234 Support partners' efforts to improve the arterial system  |            | 10,000       | 10,000       |
| 1241 Develop and implement system integration plans            |            | 100,000      | 100,000      |
| 1242 Develop regional architecture                             |            | 27,738       | 27,738       |
| 1243 Build regional ITS architecture                           |            | 12,441       | 12,441       |
| 1311 Assist counties                                           |            | 100,000      | 100,000      |
| 1312 Support Title VI and Environmental Justice                |            | 25,000       | 25,000       |
| 1411 Air quality                                               |            | 50,000       | 50,000       |
| 1511 Financial analysis and planning                           |            | 75,000       | 75,000       |
| 1512 Federal programming, monitoring and TIP development       |            | 290,000      | 290,000      |
| 1515 State programming and project monitoring                  |            | 200,000      | 200,000      |
| 1611 Implement Transportation for Livable                      |            | 30,000       | 30,000       |
| Total Expenditures                                             | 759,046    | 4,336,842    | 5,095,888    |
| Balance of Federal Highway Administration Grant                | \$ -       | \$ 117,437   | \$ 117,437   |

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

**Metropolitan Transportation Commission**  
**Statement of Revenues, Expenses and Changes in**  
**Fund Net Assets – SAFE Proprietary Fund – By Program**  
**For the Year Ended June 30, 2003**

**Schedule 4**

|                                                         | Callbox Program | Freeway Service<br>Patrol Program | Total         |
|---------------------------------------------------------|-----------------|-----------------------------------|---------------|
| <b>Operating revenues</b>                               |                 |                                   |               |
| Department of Motor Vehicles registration fees          | \$ 5,809,298    | \$ -                              | \$ 5,809,298  |
| Other operating revenues                                | 3,754           | 15,418                            | 19,172        |
| Total operating revenues                                | 5,813,052       | 15,418                            | 5,828,470     |
| <b>Operating expenses</b>                               |                 |                                   |               |
| Towing contracts                                        | -               | 6,821,624                         | 6,821,624     |
| Professional fees                                       | 1,032,226       | 245,010                           | 1,277,236     |
| Repairs and maintenance                                 | 1,126,771       | 105,715                           | 1,232,486     |
| Communications charges                                  | 323,948         | 91,050                            | 414,998       |
| Depreciation and amortization                           | 382,495         | 89,469                            | 471,964       |
| Other Operating Expenses                                | 35,148          | 122,131                           | 157,279       |
| Total Operating Expenses                                | 2,900,588       | 7,474,999                         | 10,375,587    |
| Operating income / (loss)                               | 2,912,464       | (7,459,581)                       | (4,547,117)   |
| <b>Unrestricted non-operating revenues / (expenses)</b> |                 |                                   |               |
| Interest Income                                         | 262,556         | -                                 | 262,556       |
| Caltrans operating Grants                               | 62,061          | 6,507,227                         | 6,569,288     |
| Federal operating grants                                | -               | 180,204                           | 180,204       |
| Total non-operating revenues, net                       | 324,617         | 6,687,431                         | 7,012,048     |
| Income before operating and capital transfers           | 3,237,081       | (772,150)                         | 2,464,931     |
| Transfers to MTC                                        | (1,741,660)     | (616,636)                         | (2,358,296)   |
| Transfers between programs                              | (1,388,786)     | 1,388,786                         | -             |
| Contributed capital                                     | 1,337,278       | -                                 | 1,337,278     |
| Change in net assets                                    | 1,443,913       | -                                 | 1,443,913     |
| Total net assets - beginning                            | 25,037,746      | -                                 | 25,037,746    |
| Total net assets - ending                               | \$ 26,481,659   | \$ -                              | \$ 26,481,659 |

**Metropolitan Transportation Commission**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets –**  
**SAFE Proprietary Fund – Callbox Program – By County**  
**For the Year Ended June 30, 2003**

**Schedule 5**

|                                                   | Alameda      | Contra Costa | Marin       | Napa        | San Francisco | San Mateo    | Santa Clara  | Solano       | Sonoma       | Total        |
|---------------------------------------------------|--------------|--------------|-------------|-------------|---------------|--------------|--------------|--------------|--------------|--------------|
| Revenues                                          |              |              |             |             |               |              |              |              |              |              |
| Department of Motor Vehicles<br>registration fees | \$ 1,210,791 | \$ 845,747   | \$ 230,419  | \$ 122,451  | \$ 484,723    | \$ 681,362   | \$ 1,436,908 | \$ 346,984   | \$ 449,913   | \$ 5,809,298 |
| Caltrans operating grants                         | 12,935       | 9,035        | 2,462       | 1,308       | 5,178         | 7,279        | 15,351       | 3,707        | 4,806        | 62,061       |
| Investment earnings and other revenues            | 55,505       | 38,771       | 10,563      | 5,613       | 22,221        | 31,235       | 65,871       | 15,906       | 20,625       | 266,310      |
| Total Revenues                                    | 1,279,231    | 893,553      | 243,444     | 129,372     | 512,122       | 719,876      | 1,518,130    | 366,597      | 475,344      | 6,137,669    |
| Expenses                                          | 604,278      | 424,350      | 103,016     | 96,517      | 62,885        | 414,763      | 747,820      | 211,932      | 235,027      | 2,900,588    |
| Income before operating and capital transfers     | 674,953      | 469,203      | 140,428     | 32,855      | 449,237       | 305,113      | 770,310      | 154,665      | 240,317      | 3,237,081    |
| Interfund transfers                               | (141,473)    | (461,543)    | (185,483)   | (51,612)    | (66,834)      | 226,306      | (731,977)    | (190,150)    | (190,402)    | (1,793,168)  |
| Change in net assets                              | 533,480      | 7,660        | (45,055)    | (18,757)    | 382,403       | 531,419      | 38,333       | (35,485)     | 49,915       | 1,443,913    |
| Total net assets - beginning                      | 5,334,413    | 3,327,948    | (18,557)    | (53,519)    | 3,447,815     | 2,781,426    | 7,942,130    | (143,725)    | 2,419,815    | 25,037,746   |
| Total net assets - ending                         | \$ 5,867,893 | \$ 3,335,608 | \$ (63,612) | \$ (72,276) | \$ 3,830,218  | \$ 3,312,845 | \$ 7,980,463 | \$ (179,210) | \$ 2,469,730 | \$26,481,659 |

**Metropolitan Transportation Commission  
Schedule of Computations Demonstrating  
Bond Covenant Compliance – BATA Proprietary Fund  
For the Year Ended June 30, 2003**

**Schedule 6**

|                                                                 | <b>2003</b>           | <b>2002</b>           |
|-----------------------------------------------------------------|-----------------------|-----------------------|
| <b>Revenue</b>                                                  |                       |                       |
| Tolls                                                           | \$ 144,199,876        | \$ 142,337,259        |
| Interest                                                        | 25,434,363            | 45,133,980            |
| Other                                                           | 2,306,668             | 2,487,880             |
| Total revenue                                                   | <u>171,940,907</u>    | <u>189,959,119</u>    |
| <b>Operating expenses</b>                                       |                       |                       |
| Operating expenses                                              | 35,717,351            | 29,276,930            |
| Services and charges                                            | 2,976,657             | 3,051,919             |
| Depreciation                                                    | 142,585               | 104,778               |
| Total operating expenses                                        | <u>38,836,593</u>     | <u>32,433,627</u>     |
| Net operating income                                            | 133,104,314           | 157,525,492           |
| Debt service                                                    | <u>20,440,983</u>     | <u>13,357,928</u>     |
| Income before operating transfers                               | 112,663,331           | 144,167,564           |
| <b>Operating transfers</b>                                      |                       |                       |
| Metropolitan Transportation Commission Administrative Transfers | 1,639,635             | 1,589,270             |
| Metropolitan Transportation Commission Transit Transfers        |                       |                       |
| AB664 expenses                                                  | 12,280,679            | 12,482,234            |
| 90% rail expenses                                               | 9,972,589             | 10,007,625            |
| 5% transit expenses                                             | 999,088               | 1,169,742             |
| Total operating transfers                                       | <u>24,891,991</u>     | <u>25,248,871</u>     |
| Net income before capital transfers                             | <u>87,771,340</u>     | <u>118,918,693</u>    |
| <b>Capital project transfers</b>                                |                       |                       |
| Regional Measure 1 transfers                                    | 306,408,859           | 280,126,750           |
| Bridge rehabilitation transfers                                 | 23,109,446            | 20,220,648            |
| Transfers to other agencies                                     | 2,604,669             | 890,706               |
| Total capital transfers                                         | <u>332,122,974</u>    | <u>301,238,104</u>    |
| Change in net assets                                            | (244,351,634)         | (182,319,411)         |
| <b>Total net assets - beginning</b>                             | <u>390,216,921</u>    | <u>572,536,332</u>    |
| <b>Total net assets - ending</b>                                | <u>\$ 145,865,287</u> | <u>\$ 390,216,921</u> |

**Metropolitan Transportation Commission**  
**Schedule of Computations Demonstrating**  
**Bond Covenant Compliance – BATA Proprietary Fund, *continued***  
**For the Year Ended June 30, 2003**

**Schedule 6**

|                                                              | 2003           | 2002           |
|--------------------------------------------------------------|----------------|----------------|
| Net operating income                                         | \$ 133,104,314 | \$ 157,525,492 |
| Debt service                                                 | \$ 20,440,983  | \$ 13,357,928  |
| Debt service coverage (1)                                    | 6.51           | 11.79          |
| Debt service coverage - bond covenant requirement            | 1.00           | 1.00           |
| <br>                                                         |                |                |
| Total revenue                                                | \$ 171,940,907 | \$ 189,959,119 |
| Fixed charges (2)                                            | \$ 84,169,567  | \$ 71,040,426  |
| Fixed charge coverage                                        | 2.04           | 2.67           |
| Fixed charge coverage - bond covenant requirement            | 1.00           | 1.00           |
| <br>                                                         |                |                |
| Total revenue plus operations & maintenance reserve          | \$ 251,940,907 | \$ 264,959,119 |
| Fixed charges (2)                                            | \$ 84,169,567  | \$ 71,040,426  |
| Fixed charge coverage                                        | 2.99           | 3.73           |
| Fixed charge coverage - bond covenant requirement            | 1.25           | 1.25           |
| <br>                                                         |                |                |
| Self insurance reserve                                       | \$ 50,000,000  | \$ 50,000,000  |
| Self insurance reserve - bond covenant requirement           | \$ 50,000,000  | \$ 50,000,000  |
| <br>                                                         |                |                |
| Operations & maintenance reserve                             | \$ 80,000,000  | \$ 75,000,000  |
| Operations & maintenance reserve - bond coverage requirement | \$ 77,673,186  | \$ 64,867,254  |

(1) Based on debt outstanding from May 24, 2001 and February 14, 2003.

(2) Fixed charges comprises operating expenses, debt service and operating transfers.

**Metropolitan Transportation Commission**  
**Schedule of Operating Revenue and Expenses – BATA Proprietary Fund – by Bridge**  
**For the Year Ended June 30, 2003**

**Schedule 7**

|                                             | <b>Carquinez<br/>Bridge</b> | <b>Benicia-<br/>Martinez<br/>Bridge</b> | <b>Antioch<br/>Bridge</b> | <b>Richmond-<br/>San Rafael<br/>Bridge</b> | <b>San Francisco<br/>Oakland Bay<br/>Bridges</b> | <b>San Mateo -<br/>Hayward<br/>Bridge</b> | <b>Dumbarton<br/>Bridge</b> | <b>Total</b>          |
|---------------------------------------------|-----------------------------|-----------------------------------------|---------------------------|--------------------------------------------|--------------------------------------------------|-------------------------------------------|-----------------------------|-----------------------|
| <b>Operating revenues</b>                   |                             |                                         |                           |                                            |                                                  |                                           |                             |                       |
| Toll revenues collected by Caltrans         | \$ 27,475,268               | \$ 21,792,680                           | \$ 3,422,296              | \$ 14,917,557                              | \$ 48,788,086                                    | \$ 16,689,764                             | \$ 11,114,225               | \$ 144,199,876        |
| Other operating revenues                    | 359,412                     | 297,300                                 | 43,032                    | 195,414                                    | 620,354                                          | 223,174                                   | 166,544                     | 1,905,230             |
| Total operating revenues                    | 27,834,680                  | 22,089,980                              | 3,465,328                 | 15,112,971                                 | 49,408,440                                       | 16,912,938                                | 11,280,769                  | 146,105,106           |
| <b>Operating expenses</b>                   |                             |                                         |                           |                                            |                                                  |                                           |                             |                       |
| Operating expenditures incurred by Caltrans | 4,900,885                   | 4,743,749                               | 1,466,084                 | 3,248,076                                  | 14,886,756                                       | 3,425,872                                 | 3,045,928                   | 35,717,350            |
| Services and charges                        | 474,631                     | 378,015                                 | 51,413                    | 267,496                                    | 1,174,818                                        | 364,313                                   | 265,972                     | 2,976,658             |
| Depreciation                                | 24,834                      | 19,732                                  | 2,688                     | 13,919                                     | 52,432                                           | 16,735                                    | 12,245                      | 142,585               |
| Total operating expenses                    | 5,400,350                   | 5,141,496                               | 1,520,185                 | 3,529,491                                  | 16,114,006                                       | 3,806,920                                 | 3,324,145                   | 38,836,593            |
| <b>Operating income</b>                     | <b>\$ 22,434,330</b>        | <b>\$ 16,948,484</b>                    | <b>\$ 1,945,143</b>       | <b>\$ 11,583,480</b>                       | <b>\$ 33,294,434</b>                             | <b>\$ 13,106,018</b>                      | <b>\$ 7,956,624</b>         | <b>\$ 107,268,513</b> |

**Metropolitan Transportation Commission**  
**Schedule of Toll Collection Summary – BATA Proprietary Fund – by Bridge (in Number of Vehicles)**  
**For the Year Ended June 30, 2003**

**Schedule 8**

|                                 | <u>San Francisco-<br/>Oakland Bay<br/>Bridge</u> | <u>San Mateo-<br/>Hayward<br/>Bridge</u> | <u>Dumbarton<br/>Bridge</u> | <u>Carquinez<br/>Bridge</u> | <u>Benicia-<br/>Martinez<br/>Bridge</u> | <u>Antioch<br/>Bridge</u> | <u>Richmond-<br/>San Rafael<br/>Bridge</u> | <u>Toll<br/>Traffic<br/>Total</u> |
|---------------------------------|--------------------------------------------------|------------------------------------------|-----------------------------|-----------------------------|-----------------------------------------|---------------------------|--------------------------------------------|-----------------------------------|
| Autos, Trucks, Buses & Trailers |                                                  |                                          |                             |                             |                                         |                           |                                            |                                   |
| 2-Axle                          | 44,322,617                                       | 13,933,945                               | 10,066,541                  | 20,888,672                  | 17,084,326                              | 2,164,938                 | 12,098,094                                 | 120,559,133                       |
| 3-Axle                          | 142,892                                          | 96,119                                   | 41,747                      | 148,894                     | 151,625                                 | 42,944                    | 79,752                                     | 703,973                           |
| 4-Axle                          | 94,772                                           | 66,470                                   | 20,540                      | 105,702                     | 116,477                                 | 29,606                    | 61,203                                     | 494,770                           |
| 5-Axle                          | 427,259                                          | 242,372                                  | 92,493                      | 657,792                     | 431,162                                 | 114,939                   | 270,072                                    | 2,236,089                         |
| 6-Axle                          | 7,669                                            | 3,294                                    | 2,050                       | 21,454                      | 10,107                                  | 1,604                     | 4,123                                      | 50,301                            |
| 7-Axle & More                   | 707                                              | 556                                      | 406                         | 1,250                       | 861                                     | 72                        | 275                                        | 4,127                             |
| Subtotal - Paid Vehicles        | 44,995,916                                       | 14,342,756                               | 10,223,777                  | 21,823,764                  | 17,794,558                              | 2,354,103                 | 12,513,519                                 | 124,048,393                       |
| Free Vehicles                   | 4,416,739                                        | 1,428,943                                | 1,315,647                   | 1,482,156                   | 723,196                                 | 168,594                   | 548,719                                    | 10,083,994                        |
| Total Vehicles                  | <u>49,412,655</u>                                | <u>15,771,699</u>                        | <u>11,539,424</u>           | <u>23,305,920</u>           | <u>18,517,754</u>                       | <u>2,522,697</u>          | <u>13,062,238</u>                          | <u>134,132,387</u>                |



**Metropolitan Transportation Commission**  
**Schedule of Traffic and Toll Revenue for the Carquinez Bridge – BATA Proprietary Fund**  
**For the Year Ended June 30, 2003**

**Schedule 9**

|             | 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        | 1,842,657                    | 83,295          | 1,925,952           | 142,107          | 2,068,059         | \$ 1,842,650         | \$ 583,926          | \$ 2,426,576         |
| August      | 1,920,714                    | 89,392          | 2,010,106           | 139,579          | 2,149,685         | 1,920,701            | 617,967             | 2,538,668            |
| September   | 1,734,165                    | 78,627          | 1,812,792           | 123,318          | 1,936,110         | 1,734,155            | 554,204             | 2,288,359            |
| October     | 1,774,176                    | 82,755          | 1,856,931           | 126,898          | 1,983,829         | 1,774,170            | 572,661             | 2,346,831            |
| November    | 1,689,542                    | 74,634          | 1,764,176           | 113,853          | 1,878,029         | 1,689,526            | 525,960             | 2,215,486            |
| December    | 1,675,288                    | 73,173          | 1,748,461           | 107,665          | 1,856,126         | 1,675,284            | 518,265             | 2,193,549            |
| January     | 1,677,176                    | 74,610          | 1,751,786           | 122,853          | 1,874,639         | 1,677,144            | 525,170             | 2,202,314            |
| February    | 1,556,417                    | 66,854          | 1,623,271           | 109,409          | 1,732,680         | 1,556,404            | 481,257             | 2,037,661            |
| March       | 1,727,178                    | 74,280          | 1,801,458           | 119,324          | 1,920,782         | 1,727,172            | 525,672             | 2,252,844            |
| April       | 1,671,172                    | 75,049          | 1,746,221           | 131,862          | 1,878,083         | 1,671,170            | 536,807             | 2,207,977            |
| May         | 1,800,130                    | 80,266          | 1,880,396           | 119,346          | 1,999,742         | 1,800,122            | 565,812             | 2,365,934            |
| June        | 1,820,057                    | 82,157          | 1,902,214           | 125,942          | 2,028,156         | 1,820,048            | 579,021             | 2,399,069            |
| Grand total |                              |                 |                     |                  |                   |                      |                     |                      |
| 2002-03 FY  | <u>20,888,672</u>            | <u>935,092</u>  | <u>21,823,764</u>   | <u>1,482,156</u> | <u>23,305,920</u> | <u>\$ 20,888,546</u> | <u>\$ 6,586,722</u> | <u>\$ 27,475,268</u> |

**Metropolitan Transportation Commission**  
**Schedule of Traffic and Toll Revenue for the Benicia-Martinez Bridge – BATA Proprietary Fund**  
**For the Year Ended June 30, 2003**

**Schedule 10**

|             | 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        | 1,474,748                    | 69,963          | 1,544,711           | 77,097         | 1,621,808         | \$ 1,474,743         | \$ 444,599          | \$ 1,919,342         |
| August      | 1,516,538                    | 70,991          | 1,587,529           | 68,114         | 1,655,643         | 1,516,533            | 458,637             | 1,975,170            |
| September   | 1,405,131                    | 62,760          | 1,467,891           | 55,219         | 1,523,110         | 1,405,128            | 421,373             | 1,826,501            |
| October     | 1,469,699                    | 67,003          | 1,536,702           | 59,266         | 1,595,968         | 1,469,698            | 443,546             | 1,913,244            |
| November    | 1,379,546                    | 55,318          | 1,434,864           | 55,622         | 1,490,486         | 1,379,535            | 367,404             | 1,746,939            |
| December    | 1,374,977                    | 47,784          | 1,422,761           | 70,749         | 1,493,510         | 1,374,975            | 321,552             | 1,696,527            |
| January     | 1,392,648                    | 51,719          | 1,444,367           | 61,826         | 1,506,193         | 1,392,645            | 341,964             | 1,734,609            |
| February    | 1,292,067                    | 47,999          | 1,340,066           | 36,727         | 1,376,793         | 1,292,072            | 330,676             | 1,622,748            |
| March       | 1,426,014                    | 54,286          | 1,480,300           | 60,673         | 1,540,973         | 1,426,007            | 361,944             | 1,787,951            |
| April       | 1,389,003                    | 55,084          | 1,444,087           | 62,560         | 1,506,647         | 1,389,002            | 373,910             | 1,762,912            |
| May         | 1,477,981                    | 61,457          | 1,539,438           | 53,820         | 1,593,258         | 1,477,977            | 407,760             | 1,885,737            |
| June        | 1,485,974                    | 65,868          | 1,551,842           | 61,523         | 1,613,365         | 1,485,971            | 435,029             | 1,921,000            |
| Grand total |                              |                 |                     |                |                   |                      |                     |                      |
| 2002-03 FY  | <u>17,084,326</u>            | <u>710,232</u>  | <u>17,794,558</u>   | <u>723,196</u> | <u>18,517,754</u> | <u>\$ 17,084,286</u> | <u>\$ 4,708,394</u> | <u>\$ 21,792,680</u> |

**Metropolitan Transportation Commission**  
**Schedule of Traffic and Toll Revenue for the Antioch Bridge – BATA Proprietary Fund**  
**For the Year Ended June 30, 2003**

**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        | 195,127                      | 19,543          | 214,670             | 16,482         | 231,152          | \$ 195,127          | \$ 128,180          | \$ 323,307          |
| August      | 203,847                      | 19,880          | 223,727             | 14,830         | 238,557          | 203,847             | 123,132             | 326,979             |
| September   | 181,384                      | 17,390          | 198,774             | 12,799         | 211,573          | 181,384             | 114,151             | 295,535             |
| October     | 182,633                      | 17,477          | 200,110             | 13,117         | 213,227          | 182,633             | 119,834             | 302,467             |
| November    | 173,085                      | 14,100          | 187,185             | 12,923         | 200,108          | 173,085             | 94,881              | 267,966             |
| December    | 166,159                      | 11,337          | 177,496             | 12,809         | 190,305          | 166,159             | 77,735              | 243,894             |
| January     | 160,579                      | 12,799          | 173,378             | 14,330         | 187,708          | 160,580             | 89,899              | 250,479             |
| February    | 156,748                      | 12,355          | 169,103             | 12,433         | 181,536          | 156,748             | 83,783              | 240,531             |
| March       | 177,139                      | 14,230          | 191,369             | 14,116         | 205,485          | 177,139             | 97,780              | 274,919             |
| April       | 173,241                      | 14,534          | 187,775             | 13,532         | 201,307          | 173,241             | 98,596              | 271,837             |
| May         | 193,700                      | 17,293          | 210,993             | 14,907         | 225,900          | 193,700             | 113,162             | 306,862             |
| June        | 201,296                      | 18,227          | 219,523             | 16,316         | 235,839          | 201,296             | 116,224             | 317,520             |
| Grand total |                              |                 |                     |                |                  |                     |                     |                     |
| 2002-03 FY  | <u>2,164,938</u>             | <u>189,165</u>  | <u>2,354,103</u>    | <u>168,594</u> | <u>2,522,697</u> | <u>\$ 2,164,939</u> | <u>\$ 1,257,357</u> | <u>\$ 3,422,296</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, 2003**

**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        | 1,057,749                    | 39,736          | 1,097,485           | 51,364         | 1,148,849         | \$ 1,057,746         | \$ 250,177          | \$ 1,307,923         |
| August      | 1,093,943                    | 41,622          | 1,135,565           | 46,659         | 1,182,224         | 1,093,942            | 277,226             | 1,371,168            |
| September   | 1,008,051                    | 35,225          | 1,043,276           | 49,982         | 1,093,258         | 1,008,048            | 242,316             | 1,250,364            |
| October     | 1,047,014                    | 37,387          | 1,084,401           | 47,556         | 1,131,957         | 1,047,011            | 243,147             | 1,290,158            |
| November    | 980,379                      | 31,394          | 1,011,773           | 37,505         | 1,049,278         | 980,379              | 211,538             | 1,191,917            |
| December    | 957,666                      | 28,933          | 986,599             | 36,740         | 1,023,339         | 957,665              | 191,892             | 1,149,557            |
| January     | 967,169                      | 30,453          | 997,622             | 40,844         | 1,038,466         | 967,166              | 215,207             | 1,182,373            |
| February    | 904,281                      | 29,023          | 933,304             | 36,129         | 969,433           | 904,280              | 211,249             | 1,115,529            |
| March       | 990,023                      | 35,409          | 1,025,432           | 65,301         | 1,090,733         | 990,016              | 263,142             | 1,253,158            |
| April       | 997,941                      | 35,121          | 1,033,062           | 35,774         | 1,068,836         | 997,938              | 239,979             | 1,237,917            |
| May         | 1,056,968                    | 35,337          | 1,092,305           | 45,364         | 1,137,669         | 1,056,966            | 231,528             | 1,288,494            |
| June        | 1,036,910                    | 35,785          | 1,072,695           | 55,501         | 1,128,196         | 1,036,907            | 242,092             | 1,278,999            |
| Grand total |                              |                 |                     |                |                   |                      |                     |                      |
| 2002-03 FY  | <u>12,098,094</u>            | <u>415,425</u>  | <u>12,513,519</u>   | <u>548,719</u> | <u>13,062,238</u> | <u>\$ 12,098,064</u> | <u>\$ 2,819,493</u> | <u>\$ 14,917,557</u> |

**Metropolitan Transportation Commission**

**Schedule of Traffic and Toll Revenue for the San Francisco-Oakland Bridge – BATA Proprietary Fund  
For the Year Ended June 30, 2003**

**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        | 3,842,136                    | 62,075          | 3,904,211           | 400,552          | 4,304,763         | \$ 3,842,128         | \$ 432,266          | 4,274,394            |
| August      | 3,952,067                    | 61,854          | 4,013,921           | 395,298          | 4,409,219         | 3,952,060            | 403,620             | 4,355,680            |
| September   | 3,714,287                    | 56,934          | 3,771,221           | 369,202          | 4,140,423         | 3,714,283            | 389,028             | 4,103,311            |
| October     | 3,826,687                    | 62,757          | 3,889,444           | 405,287          | 4,294,731         | 3,826,684            | 416,824             | 4,243,508            |
| November    | 3,623,958                    | 56,331          | 3,680,289           | 355,850          | 4,036,139         | 3,623,949            | 373,204             | 3,997,153            |
| December    | 3,526,989                    | 50,441          | 3,577,430           | 347,486          | 3,924,916         | 3,526,989            | 343,885             | 3,870,874            |
| January     | 3,583,023                    | 54,432          | 3,637,455           | 341,661          | 3,979,116         | 3,583,020            | 359,216             | 3,942,236            |
| February    | 3,342,212                    | 47,075          | 3,389,287           | 329,840          | 3,719,127         | 3,342,209            | 312,173             | 3,654,382            |
| March       | 3,678,820                    | 53,667          | 3,732,487           | 357,475          | 4,089,962         | 3,678,817            | 363,101             | 4,041,918            |
| April       | 3,629,373                    | 55,356          | 3,684,729           | 372,066          | 4,056,795         | 3,629,371            | 360,214             | 3,989,585            |
| May         | 3,832,018                    | 56,214          | 3,888,232           | 367,640          | 4,255,872         | 3,832,015            | 356,737             | 4,188,752            |
| June        | 3,771,047                    | 56,163          | 3,827,210           | 374,382          | 4,201,592         | 3,771,043            | 355,250             | 4,126,293            |
| Grand total |                              |                 |                     |                  |                   |                      |                     |                      |
| 2002-03 FY  | <u>44,322,617</u>            | <u>673,299</u>  | <u>44,995,916</u>   | <u>4,416,739</u> | <u>49,412,655</u> | <u>\$ 44,322,568</u> | <u>\$ 4,465,518</u> | <u>\$ 48,788,086</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, 2003**

**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        | 1,143,894                    | 34,912          | 1,178,806           | 135,366          | 1,314,172         | \$ 1,143,890         | \$ 233,190          | \$ 1,377,080         |
| August      | 1,164,186                    | 35,643          | 1,199,829           | 131,224          | 1,331,053         | 1,164,184            | 235,632             | 1,399,816            |
| September   | 1,118,016                    | 33,383          | 1,151,399           | 116,437          | 1,267,836         | 1,118,015            | 218,796             | 1,336,811            |
| October     | 1,184,410                    | 37,025          | 1,221,435           | 124,772          | 1,346,207         | 1,184,410            | 259,229             | 1,443,639            |
| November    | 1,123,613                    | 31,852          | 1,155,465           | 116,329          | 1,271,794         | 1,123,610            | 213,681             | 1,337,291            |
| December    | 1,146,874                    | 30,331          | 1,177,205           | 111,078          | 1,288,283         | 1,146,874            | 203,123             | 1,349,997            |
| January     | 1,157,113                    | 33,064          | 1,190,177           | 118,193          | 1,308,370         | 1,157,111            | 218,460             | 1,375,571            |
| February    | 1,071,013                    | 30,728          | 1,101,741           | 104,966          | 1,206,707         | 1,071,012            | 205,439             | 1,276,451            |
| March       | 1,195,763                    | 34,216          | 1,229,979           | 113,606          | 1,343,585         | 1,195,762            | 234,811             | 1,430,573            |
| April       | 1,161,197                    | 33,678          | 1,194,875           | 118,162          | 1,313,037         | 1,161,196            | 231,924             | 1,393,120            |
| May         | 1,231,048                    | 36,480          | 1,267,528           | 116,881          | 1,384,409         | 1,231,046            | 248,215             | 1,479,261            |
| June        | 1,236,818                    | 37,499          | 1,274,317           | 121,929          | 1,396,246         | 1,236,818            | 253,336             | 1,490,154            |
| Grand total |                              |                 |                     |                  |                   |                      |                     |                      |
| 2002-03 FY  | <u>13,933,945</u>            | <u>408,811</u>  | <u>14,342,756</u>   | <u>1,428,943</u> | <u>15,771,699</u> | <u>\$ 13,933,928</u> | <u>\$ 2,755,836</u> | <u>\$ 16,689,764</u> |

**Metropolitan Transportation Commission**  
**Schedule of Traffic and Toll Revenue for the Dumbarton Bridge – BATA Proprietary Fund**  
**For the Year Ended June 30, 2003**

**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        | 895,549                      | 14,869          | 910,418             | 131,684          | 1,042,102         | 895,543              | \$ 101,184          | \$ 996,727           |
| August      | 918,826                      | 15,685          | 934,511             | 126,729          | 1,061,240         | 918,826              | 102,083             | 1,020,909            |
| September   | 863,166                      | 15,326          | 878,492             | 115,192          | 993,684           | 863,166              | 106,792             | 969,958              |
| October     | 916,567                      | 15,058          | 931,625             | 125,711          | 1,057,336         | 916,567              | 93,666              | 1,010,233            |
| November    | 807,247                      | 12,136          | 819,383             | 102,685          | 922,068           | 807,247              | 84,389              | 891,636              |
| December    | 784,817                      | 10,987          | 795,804             | 97,401           | 893,205           | 784,817              | 77,454              | 862,271              |
| January     | 821,174                      | 11,763          | 832,937             | 106,133          | 939,070           | 821,174              | 73,008              | 894,182              |
| February    | 750,303                      | 10,164          | 760,467             | 95,083           | 855,550           | 750,302              | 73,872              | 824,174              |
| March       | 828,501                      | 11,785          | 840,286             | 103,420          | 943,706           | 828,500              | 76,150              | 904,650              |
| April       | 810,344                      | 11,908          | 822,252             | 105,197          | 927,449           | 810,344              | 79,474              | 889,818              |
| May         | 838,844                      | 14,210          | 853,054             | 104,460          | 957,514           | 838,844              | 91,876              | 930,720              |
| June        | 831,203                      | 13,345          | 844,548             | 101,952          | 946,500           | 831,202              | 87,745              | 918,947              |
| Grand total |                              |                 |                     |                  |                   |                      |                     |                      |
| 2002-03 FY  | <u>10,066,541</u>            | <u>157,236</u>  | <u>10,223,777</u>   | <u>1,315,647</u> | <u>11,539,424</u> | <u>\$ 10,066,532</u> | <u>\$ 1,047,693</u> | <u>\$ 11,114,225</u> |

**Metropolitan Transportation Commission  
 Schedule of Fiduciary Net Assets by Participant  
 June 30, 2003**

**Schedule 16**

|                                                     | Alameda             | Contra<br>Costa     | Marin               | Napa                | San<br>Francisco    | San<br>Mateo        | Santa<br>Clara      | Solano               | Sonoma              | TDA<br>Fiduciary<br>Fund Total | AB1107<br>Fund<br>Program | Fiduciary<br>Fund<br>Total |
|-----------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------|--------------------------------|---------------------------|----------------------------|
| Restricted assets held by<br>participating counties | \$13,357,826        | \$13,753,776        | \$ 1,126,185        | \$ 7,466,376        | \$ 2,016,504        | \$ 2,646,469        | \$ 4,987,105        | \$ 10,374,019        | \$17,408,226        | \$ 73,136,486                  | \$ 4,983,274              | \$ 78,119,760              |
| Due from state of California                        | 17,696              | -                   | -                   | -                   | -                   | -                   | -                   | -                    | 264,935             | 282,631                        | -                         | 282,631                    |
| <b>Total Assets</b>                                 | <b>\$13,375,522</b> | <b>\$13,753,776</b> | <b>\$ 1,126,185</b> | <b>\$ 7,466,376</b> | <b>\$ 2,016,504</b> | <b>\$ 2,646,469</b> | <b>\$ 4,987,105</b> | <b>\$ 10,374,019</b> | <b>\$17,673,161</b> | <b>\$ 73,419,117</b>           | <b>\$ 4,983,274</b>       | <b>\$ 78,402,391</b>       |
| Accounts Payable                                    | \$ 868,781          | \$ 308,608          | \$ -                | \$ 1,644,682        | \$ 146,003          | \$ 289,889          | \$ 459,687          | \$ 212,352           | \$ 233,224          | \$ 4,163,226                   | \$ 4,983,274              | \$ 9,146,500               |
| Accrued Expense                                     | 316,991             | 120,000             | 33,795              | -                   | 86,371              | 15,600              | -                   | 225,000              | -                   | 797,757                        | -                         | 797,757                    |
| Due to other Governments                            | 12,189,750          | 13,325,168          | 1,092,390           | 5,821,694           | 1,784,130           | 2,340,980           | 4,527,418           | 9,936,667            | 17,439,937          | 68,458,134                     | -                         | 68,458,134                 |
| <b>Total Liabilities</b>                            | <b>\$13,375,522</b> | <b>\$13,753,776</b> | <b>\$ 1,126,185</b> | <b>\$ 7,466,376</b> | <b>\$ 2,016,504</b> | <b>\$ 2,646,469</b> | <b>\$ 4,987,105</b> | <b>\$ 10,374,019</b> | <b>\$17,673,161</b> | <b>\$ 73,419,117</b>           | <b>\$ 4,983,274</b>       | <b>\$ 78,402,391</b>       |



**Metropolitan Transportation Commission  
 Schedule of Changes in Fiduciary Net Assets  
 For the Year Ended June 30, 2003**

**Schedule 17**

|                                             | Alameda       | Contra<br>Costa | Marin        | Napa         | San<br>Francisco | San<br>Mateo  | Santa<br>Clara | Solano        | Sonoma        | TDA<br>Fiduciary<br>Fund Total | AB1107<br>Fund<br>Program | Fiduciary<br>Fund<br>Total |
|---------------------------------------------|---------------|-----------------|--------------|--------------|------------------|---------------|----------------|---------------|---------------|--------------------------------|---------------------------|----------------------------|
| Local transportation fund                   | \$ 53,596,978 | \$ 30,495,773   | \$ 9,694,417 | \$ 5,136,467 | \$ 28,959,436    | \$ 28,972,882 | \$ 67,567,985  | \$ 13,069,921 | \$ 16,886,783 | \$ 254,380,642                 | \$ -                      | \$ 254,380,642             |
| AB1107 fees                                 | -             | -               | -            | -            | -                | -             | -              | -             | -             | -                              | 55,818,684                | 55,818,684                 |
| Investment earnings                         | 262,028       | 120,738         | 44,767       | 238,789      | 93,388           | 218,105       | 101,071        | 303,698       | 525,570       | 1,908,154                      | 120,848                   | 2,029,002                  |
| Total additions                             | 53,859,006    | 30,616,511      | 9,739,184    | 5,375,256    | 29,052,824       | 29,190,987    | 67,669,056     | 13,373,619    | 17,412,353    | 256,288,796                    | 55,939,532                | 312,228,328                |
| Allocations                                 | 45,741,905    | 32,524,377      | 8,007,479    | 8,105,306    | 23,702,264       | 23,111,770    | 60,861,621     | 13,932,778    | 15,746,637    | 231,734,137                    | 64,819,389                | 296,553,526                |
| Administrative                              | 1,905,309     | 1,119,972       | 420,325      | 205,459      | 1,158,377        | 1,065,084     | 2,702,720      | 522,797       | 612,041       | 9,712,084                      | -                         | 9,712,084                  |
| Total deductions                            | 47,647,214    | 33,644,349      | 8,427,804    | 8,310,765    | 24,860,641       | 24,176,854    | 63,564,341     | 14,455,575    | 16,358,678    | 241,446,221                    | 64,819,389                | 306,265,610                |
| Net of additions over (under)<br>deductions | 6,211,792     | (3,027,838)     | 1,311,380    | (2,935,509)  | 4,192,183        | 5,014,133     | 4,104,715      | (1,081,956)   | 1,053,675     | 14,842,575                     | (8,879,857)               | 5,962,718                  |
| Due to other governments 6/30/02            | 5,977,958     | 16,353,006      | (218,990)    | 8,757,204    | (2,408,052)      | (2,673,153)   | 422,704        | 11,018,623    | 16,386,259    | 53,615,559                     | 8,879,857                 | 62,495,416                 |
| Due to other governments 6/30/03            | \$ 12,189,750 | \$ 13,325,168   | \$ 1,092,390 | \$ 5,821,695 | \$ 1,784,131     | \$ 2,340,980  | \$ 4,527,419   | \$ 9,936,667  | \$ 17,439,934 | \$ 68,458,134                  | \$ -                      | \$ 68,458,134              |

**Metropolitan Transportation Commission**  
**Schedule of Interest Rate Swap – BATA Proprietary Fund**  
**June 30, 2003**

**Schedule 18**

|                                  | Series A-2001  | Series A-2001  | Series B-2001               | Series C-2001           | Series 2003    | Total          |
|----------------------------------|----------------|----------------|-----------------------------|-------------------------|----------------|----------------|
| Notional Amount                  | \$75,000,000   | \$75,000,000   | \$75,000,000                | \$75,000,000            | \$200,000,000  | \$500,000,000  |
| Trade date                       | 1/10/2002      | 1/10/2002      | 1/10/2002                   | 1/10/2002               | 3/5/2003       |                |
| Swap mode                        | Cost of fund   | Cost of fund   | Cost of fund                | Cost of fund            | 65% LIBOR      |                |
| Maturity                         | 4/1/2036       | 4/1/2036       | 4/1/2025                    | 4/1/2029                | 4/1/2038       |                |
| Basis risk                       | No*            | No*            | No*                         | No*                     | Yes            |                |
| All in rate                      |                |                |                             |                         |                |                |
| contracted cost                  | 4.090%         | 4.100%         | 4.110%                      | 4.120%                  | 4.139%         |                |
| basis cost                       | 0.000%         | 0.000%         | 0.000%                      | 0.000%                  | 0.030%         |                |
| liquidity marketing              | 0.300%         | 0.300%         | 0.300%                      | 0.300%                  | 0.300%         |                |
|                                  | 4.390%         | 4.400%         | 4.410%                      | 4.420%                  | 4.469%         |                |
| Counterparty (CP)                | Morgan Stanley | Citigroup      | AMBAC                       | AMBAC                   | AMBAC          |                |
| % held by CP - 2001 Swap         | 25%            | 25%            | See series c for cumulative | 50%                     | 0%             | 100%           |
| % held by CP - Aggregate         | 15%            | 15%            | See 2003 for cumulative     | See 2003 for cumulative | 70%            | 100%           |
| S&P/Moodys                       | A+/Aa3         | AA-/Aa1        | AAA/Aaa                     | AAA/Aaa                 | AAA/Aaa        |                |
| Ratings outlook                  | Stable/Stable  | Stable/Stable  | Stable/N.A.                 | Stable/N.A.             | Stable/N.A.    |                |
| Termination value                | (\$11,700,100) | (\$11,822,900) | (\$10,501,700)              | (\$11,047,100)          | (\$31,642,400) | (\$76,714,200) |
| Credit risk                      |                |                |                             |                         |                |                |
| CP collateral posting **         |                |                |                             |                         |                |                |
| CP < AA                          | Yes            | No             | No                          | No                      | No             |                |
| and                              |                |                |                             |                         |                |                |
| Termination value > \$10,000,000 | No             | No             | No                          | No                      | No             |                |
| Termination risk                 | No             | No             | No                          | No                      | No             |                |
| Tax risk                         | Yes            | Yes            | Yes                         | Yes                     | No             |                |
| Counterparty default rate        | 65% LIBOR      | 65% LIBOR      | 65% LIBOR                   | 65% LIBOR               | N.A.           |                |

\* yes, upon 2006 conversion to 65% LIBOR

\*\* BATA has no posting requirement

## **STATISTICAL SECTION**

**Metropolitan Transportation Commission**  
**Summary of Callboxes by County (unaudited)**  
**For the Year Ended June 30, 2003**

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|                     | Alameda | Contra Costa | Marin | Napa | San Francisco | San Mateo | Santa Clara | Solano | Sonoma | Total |
|---------------------|---------|--------------|-------|------|---------------|-----------|-------------|--------|--------|-------|
| For the Year Ended: |         |              |       |      |               |           |             |        |        |       |
| June 30, 2003       | 744     | 525          | 143   | 106  | 68            | 492       | 886         | 312    | 301    | 3,577 |
| June 30, 2002       | 701     | 525          | 143   | 106  | 68            | 449       | 886         | 312    | 301    | 3,491 |
| June 30, 2001       | 699     | 525          | 143   | 106  | 68            | 449       | 886         | 312    | 301    | 3,489 |
| June 30, 2000       | 699     | 511          | 143   | 106  | 68            | 446       | 885         | 312    | 301    | 3,471 |
| June 30, 1999       | 679     | 491          | 143   | 106  | 68            | 446       | 885         | 312    | 301    | 3,431 |
| June 30, 1998       | 649     | 491          | 143   | 106  | 60            | 446       | 885         | 312    | 301    | 3,393 |

**Metropolitan Transportation Commission**  
**Government-wide Revenues (unaudited)**  
**Last Ten Fiscal Years**

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| <u>Fiscal Year</u> | <u>PROGRAM REVENUES</u>     |                                           |                                         | <u>GENERAL REVENUES</u> |                                         |              |
|--------------------|-----------------------------|-------------------------------------------|-----------------------------------------|-------------------------|-----------------------------------------|--------------|
|                    | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Sales Taxes</u>      | <u>Unrestricted Investment Earnings</u> | <u>Total</u> |
| 1994               | \$29,851,323                | \$11,045,624                              | N/A                                     | \$5,951,654             | \$1,425,259                             | 48,273,860   |
| 1995               | 30,924,304                  | 13,359,438                                | N/A                                     | 6,197,885               | 1,786,186                               | 52,267,813   |
| 1996               | 32,561,218                  | 20,482,740                                | N/A                                     | 6,985,078               | 2,475,587                               | 62,504,623   |
| 1997               | 32,589,565                  | 20,888,238                                | N/A                                     | 7,437,596               | 2,495,897                               | 63,411,296   |
| 1998               | 142,325,259                 | 17,980,234                                | N/A                                     | 7,995,846               | 40,482,734                              | 208,784,073  |
| 1999               | 142,457,747                 | 22,522,983                                | N/A                                     | 8,308,337               | 41,034,464                              | 214,323,531  |
| 2000               | 146,570,469                 | 31,848,657                                | 36,779,136                              | 9,358,589               | 44,447,110                              | 269,003,961  |
| 2001*              | 150,759,047                 | 38,906,141                                | 44,648,314                              | 10,641,974              | 50,626,342                              | 295,581,818  |
| 2002               | 150,127,560                 | 44,810,738                                | 64,472,632                              | 9,326,567               | 49,973,084                              | 318,710,581  |
| 2003**             | 151,914,404                 | 46,238,665                                | 72,344,529                              | 8,903,326               | 27,557,608                              | 306,958,532  |

\* Excludes \$400 million bond proceeds

\*\* Excludes \$300 million bond proceeds



**Metropolitan Transportation Commission  
TDA Sales Tax of Nine San Francisco Bay Area Counties (unaudited)  
Last Ten Fiscal Years**

| <u>Fiscal Year</u> | <u>Alameda</u> | <u>Contra Costa</u> | <u>Marin</u> | <u>Napa</u> | <u>San Francisco</u> | <u>San Mateo</u> | <u>Santa Clara</u> | <u>Solano</u> | <u>Sonoma</u> | <u>Total</u>  |
|--------------------|----------------|---------------------|--------------|-------------|----------------------|------------------|--------------------|---------------|---------------|---------------|
| 1994               | 34,714,009     | 19,318,474          | 6,297,588    | 2,709,644   | 21,447,280           | 20,715,810       | 48,133,983         | 6,777,809     | 9,912,637     | 170,027,234   |
| 1995               | 36,474,946     | 19,873,487          | 6,506,970    | 2,610,387   | 22,756,793           | 20,764,798       | 51,059,772         | 6,985,386     | 10,049,809    | 177,082,348   |
| 1996               | 41,179,331     | 21,591,546          | 7,025,001    | 2,944,524   | 25,276,273           | 23,178,753       | 59,903,304         | 7,417,079     | 11,057,828    | 199,573,639   |
| 1997               | 44,005,230     | 22,103,441          | 7,401,551    | 3,139,506   | 26,700,851           | 25,273,946       | 64,428,786         | 7,793,529     | 11,655,865    | 212,502,705   |
| 1998               | 47,713,711     | 23,991,707          | 7,993,642    | 3,076,720   | 27,729,204           | 27,460,182       | 69,208,486         | 8,355,779     | 12,923,237    | 228,452,668   |
| 1999               | 49,283,302     | 26,423,486          | 8,596,792    | 3,805,482   | 28,894,542           | 28,202,194       | 69,622,688         | 8,792,082     | 13,760,430    | 237,380,998   |
| 2000               | 54,936,880     | 28,290,695          | 9,527,056    | 4,451,700   | 32,039,597           | 31,697,342       | 80,362,348         | 10,272,149    | 15,810,470    | 267,388,237   |
| 2001               | 61,283,441     | 31,388,967          | 10,302,362   | 4,921,211   | 35,787,353           | 35,831,563       | 95,812,143         | 11,471,073    | 17,429,706    | 304,227,819   |
| 2002               | 56,343,360     | 30,538,171          | 9,732,118    | 4,876,446   | 29,683,577           | 30,834,076       | 75,632,441         | 12,019,791    | 16,813,361    | 266,473,341   |
| 2003               | 53,596,978     | 30,495,773          | 9,694,417    | 5,136,467   | 28,959,436           | 28,972,882       | 67,567,984         | 13,069,921    | 16,887,783    | 254,381,641   |
| Total              | 479,531,188    | 254,015,747         | 83,077,497   | 37,672,087  | 279,274,906          | 272,931,546      | 681,731,935        | 92,954,598    | 136,301,126   | 2,317,490,630 |

**Metropolitan Transportation Commission**  
**Miscellaneous Statistics (unaudited)**  
**June 30, 2003**

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|                                                                        |                                                    |
|------------------------------------------------------------------------|----------------------------------------------------|
| Date of Incorporation                                                  | 1970                                               |
| Form of Government                                                     | Commissioners with Appointed<br>Executive Director |
| Number of Commissioners                                                | 16 Voting and 3 Non-Voting Members                 |
| Number of Employees (Approved Positions)                               | 129                                                |
| Type of Tax Support                                                    | 3.5 % of TDA Sales Tax                             |
| Region in which Commission Operates                                    | San Francisco Bay Area                             |
| Number of Counties in the Region                                       | 9                                                  |
| Area of Authority in Square Miles                                      | 6,980                                              |
| Population of Region in which Commission Operates                      | 6,994,500                                          |
| Number of Toll Bridges in the Region                                   | 8                                                  |
| Traffic for All Toll Bridges (Number of Vehicles)<br>(excluding GGBHD) | 134,132,387                                        |
| Toll Revenues (excluding GGBHD)                                        | 144,199,876                                        |
| Number of Call Boxes in the Region                                     | 3,577                                              |
| Number of Calls Made from Call Boxes                                   | 72,821                                             |





**Metropolitan Transportation Commission**  
**Ratio of Annual Debt Service Expenditures**  
**For Bonded Revenue Debt to Total Toll Revenue – BATA Proprietary Fund**  
**Last Three Fiscal Years (unaudited)**

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| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Debt<br/>Service</u> | <u>Total Toll<br/>Revenue</u> | <u>Ratio of Debt<br/>Service to Total Toll<br/>Revenue</u> |
|--------------------|------------------|-----------------|-------------------------------|-------------------------------|------------------------------------------------------------|
| 2001               | \$ -             | \$ 1,327,465    | \$ 1,327,465                  | \$ 143,717,694                | 0.92%                                                      |
| 2002               | -                | 13,357,928      | 13,357,928                    | 144,230,152                   | 9.26%                                                      |
| 2003               | -                | 20,440,983      | 20,440,983                    | 146,105,106                   | 13.99%                                                     |

No debt prior to 2001