



METROPOLITAN  
TRANSPORTATION  
COMMISSION



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2009

Prepared by the  
MTC Finance Section

State of California



**Metropolitan Transportation Commission**  
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**June 30, 2009 and 2008**

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**METROPOLITAN  
TRANSPORTATION  
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*Scott Haggerty, Chair*  
Alameda County

September 29, 2009

*Adrienne J. Tissier, Vice Chair*  
San Mateo County

*Tom Azumbrado*  
U.S. Department of Housing  
and Urban Development

Honorable Chairman  
Members of the Metropolitan Transportation Commission

*Tom Bates*  
Cities of Alameda County

*Dean J. Chu*  
Cities of Santa Clara County

*Dave Cortese*  
Association of Bay Area Governments

*Chris Daly*  
City and County of San Francisco

*Bill Dodd*  
Napa County and Cities

*Dorene M. Giacopini*  
U.S. Department of Transportation

*Federal D. Glover*  
Contra Costa County

*Anne W. Halsted*  
San Francisco Bay Conservation  
and Development Commission

*Steve Kinsey*  
Marin County and Cities

*Sue Lempert*  
Cities of San Mateo County

*Jake Mackenzie*  
Sonoma County and Cities

*Jon Rubin*  
San Francisco Mayor's Appointee

*Bijan Sartipi*  
State Business, Transportation  
and Housing Agency

*James P. Sperring*  
Solano County and Cities

*Amy Rein Worth*  
Cities of Contra Costa County

*Ken Yeager*  
Santa Clara County

*Steve Heminger*  
Executive Director

*Ann Flemer*  
Deputy Executive Director, Operations

*Andrew B. Fremier*  
Deputy Executive Director,  
Bay Area Toll Authority

*Therese W. McMillan*  
Deputy Executive Director, Policy

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) for the Metropolitan Transportation Commission (MTC), its blended and discretely presented component units and fiduciary funds for the fiscal year ended June 30, 2009. State law requires that MTC and its component units publish a complete audited financial statement within six months of the close of each fiscal year.

Responsibility for both accuracy of the data, as well as the completeness and fairness of the presentation, including all disclosures, rests with the management and staff of MTC. To the best of our knowledge and belief, the enclosed information and report is accurate in all material respects, presented in conformance with Generally Accepted Accounting Principles (GAAP) and reported in a manner that presents fairly the financial position and operating results of MTC, its blended and discretely presented component units and fiduciary funds as of June 30, 2009. All disclosures reasonably necessary to enable an understanding of the government's financial activities have been included.

MTC management and staff are also responsible for the accounting and internal financial controls. MTC maintains a system of internal controls designed, we believe, to provide reasonable protection for MTC's assets. In addition, MTC undertook a comprehensive enterprise risk management evaluation, which resulted in recommendations that will be implemented in the future.

The goal of the independent audit is to provide reasonable assurance that the financial statements presented here for the fiscal year ended June 30, 2009, are free of material misstatement. In addition, MTC is required to undergo a Single Audit of Federal programs conducted under the provisions of OMB Circular A-133. The agency's Independent Auditors, PricewaterhouseCoopers LLP, have issued an unqualified opinion on the Metropolitan Transportation Commission's financial statements for the year ended June 30, 2009. The independent auditor's report is located at the front of the financial section of this report.

GAAP also requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements. This narrative is presented in the form of Management's Discussion and Analysis (MD&A) which can be found immediately following the independent auditor's report.

The CAFR for the fiscal year ended June 30, 2009 includes financial information for all funds, accounts and fiduciary activities for which MTC has financial accountability.

MTC also participates in numerous boards, groups and associations. While MTC participates in such activities, MTC does not have an ongoing financial interest or administrative control and, as such, information related to these outside groups and associations are excluded from this report. MTC is also a member of the Regional Administrative Facility Corporation (RAFC), which is a joint powers facility management association consisting of MTC, the Association of Bay Area Governments (ABAG), and the Bay Area Rapid Transit District (BART). The MTC Commission does not have financial accountability for RAFC or its expenses and as such, RAFC is excluded from this report. See discussion on Related Party Transaction in the Notes to the Financial Statements, Note 12.

Profile of the Government:

MTC was established under the laws of the State of California in 1970 to provide comprehensive regional transportation planning for the nine counties that comprise the San Francisco Bay Area: Alameda, Contra Costa, Marin, Napa, the City and County of San Francisco, San Mateo, Santa Clara, Solano and Sonoma. The Commission consists of sixteen voting and three non-voting members representing the following:

| Agency   | Voting<br>Members | Non-Voting<br>Members |
|--|-------------------|-----------------------|
| Alameda County   | 2                 |                       |
| Contra Costa County  | 2                 |                       |
| Marin County   | 1                 |                       |
| Napa County  | 1                 |                       |
| City & County of San Francisco                             | 2                 |                       |
| San Mateo County   | 2                 |                       |
| Santa Clara County   | 2                 |                       |
| Solano County  | 1                 |                       |
| Sonoma County  | 1                 |                       |
| Association of Bay Area Governments (ABAG)                 | 1                 |                       |
| San Francisco Bay Conservation & Development<br>Commission | 1                 |                       |
| U.S. Department of Transportation                          |                   | 1                     |
| U.S. Department of Housing & Urban Development             |                   | 1                     |
| State Business, Transportation & Housing Agency            |                   | 1                     |
| Total:   | 16                | 3                     |

Each Commissioner's term of office is four years or until a successor is appointed.

MTC commissioners also serve as the governing authority for MTC Service Authority for Freeways & Expressways (MTC SAFE), the Bay Area Toll Authority (BATA) and the Bay Area Infrastructure Financing Authority (BAIFA). The Commission is responsible for adopting budgets for operating and project costs, as well as setting general policy direction. An Executive Director appointed by the Commission is responsible for carrying out Commission direction and day-to-day administration of MTC and its employees.

During the 2009 fiscal year, the Bay Area Toll Authority (BATA) was significantly impacted by the market dislocation that resulted from the sub-prime mortgage fallout. As a result of sub-prime exposure, BATA's insured toll revenue bonds were downgraded which caused Auction Rate bonds to fail, and Variable Rate Demand Bonds to trade at rates as high as eight percent. Ultimately, BATA was forced to restructure its entire \$2.9 billion Insured Variable Rate Debt portfolio, which was completed during fiscal 2009. Restructured bonds traded at significantly lower interest costs.

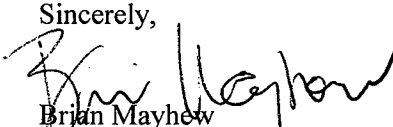
Awards and Acknowledgments:

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Metropolitan Transmission Commission for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2008. This was the sixth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report would not have been possible without the service of the finance staff. I thank the MTC finance staff for the hard work in producing this report in an accurate and timely manner.

Sincerely,



Brian Mayhew  
Chief Financial Officer



METROPOLITAN  
TRANSPORTATION  
COMMISSION

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STAFFING ORGANIZATION  
July 2009

COMMISSION  
Scott Haggerty  
Chair

EXECUTIVE OFFICE (6)  
Steve Heminger  
Executive Director  
Rosy Leyva  
Commission Secretary  
Maria Leon  
Exec Assistant  
Eva Jimenez  
Exec Assistant

OFFICE OF  
CHIEF FINANCIAL  
OFFICER (32)  
Brian Mayhew  
CFO

Debbie Almaja  
Suzanne Bode  
Vince Cabrero  
Catherine Cam  
Dustin Clausen  
Sonia Elsonbaly  
Maria "Elena" Federis  
Abbey Halle  
Betty Lam  
Susana Lau  
Alan Lee  
Jennifer Lee  
Suk Li  
Jeannie Lim  
Jessica Lin  
Lilia Lobelos  
Doris Louie  
Gary Louie  
Douglas Johnson  
Lisa Klein  
Valerie Knepper  
Ashley Nguyen  
Charles Purvis  
Janice Richards  
Rupinder Singh  
Kearey Smith  
Therese Trivedi  
Stella Wotherspoon  
Jennifer Yeamans  
Susan Woo  
Russell Yuen

DEPUTY EXECUTIVE DIRECTOR,  
POLICY  
Ann Flemer

JOINT POLICY COMMITTEE  
Ted Droethboom

DEPUTY EXECUTIVE DIRECTOR,  
OPERATIONS  
Andrew Fremier

OFFICE OF GENERAL COUNSEL (4)  
Francis Chin 1  
General Counsel  
Melanie J. Morgan  
Deputy General Counsel  
Cynthia Segal  
Associate Counsel  
Ron Caguera  
Legal Assistant

PLANNING (19)  
Doug Kimsey  
Director

Harold Brazil  
Elizabeth Brisson  
Carolyn Clevenger  
Sean Co  
Benjamin Espinosa  
Shimon Israel  
Douglas Johnson  
Lisa Klein  
Valerie Knepper  
Ashley Nguyen  
Charles Purvis  
Janice Richards  
Rupinder Singh  
Kearey Smith  
Therese Trivedi  
Stella Wotherspoon  
Jennifer Yeamans  
Susan Woo  
Michael Zyambi

PROGRAMMING AND  
ALLOCATIONS (19)  
Alix Bockelman  
Director

Matthew Adamo  
Marcella Aranda  
Bob Bates  
Kenneth Folan  
Craig Goldblatt  
Theresa Hammon  
Shrutti Hari  
Kimberly Hughes  
Kenneth Kao  
Kristen Mazur  
Ross McKeown  
Anne Richmond  
Theresa Romell  
Sri Srinivasan  
Sui Tan  
Glen Tepke  
Christina Verdin

Vacant - Planner Analyst

LEGISLATION AND  
PUBLIC AFFAIRS (18)  
Randy Renitschler  
Director

Catalina Alvarado  
Peter Beeler  
Karin Betts  
Ying Cai  
David Cooper  
Joe Cunley  
John Goodwin  
Ellen Griffin  
Pam Grove  
Brenda Kahn  
Georgia Lambert  
Leslie Lara  
Rebecca Long  
Jessica Moran  
Michele Stone  
Julie Tunnell  
Ursula Vogler

ADMINISTRATIVE AND  
TECHNOLOGY  
SERVICES (25)  
Teri Green  
Director

Jason Agburnag  
Gavin Alavinejad  
John Albrecht  
Luis Barragan  
Tom Bryan  
Bety Cecchini  
Robert Hoffman  
Robin James  
Paula Johnson  
Priatuli Kant  
Thomas Lacap  
Yong Lee  
Ann Macaulay  
Joel Markowitz  
Irving Maxwell  
Ethan Michaels  
Gilbert Mingming  
Celeste Ramos  
Denise Rodrigues  
Valerie Stark  
Michelle Tan  
Lois Tucker  
Norma White

HIGHWAY AND ARTERIAL  
OPERATIONS (15)  
Albert Yee  
Director

Nancy Charlies  
Joanna Fox  
Michael Kerns  
Joy Lee  
Sze Lei Leong  
Jaime Maldonado  
Raymond Odunlami  
Nancy Okasaki  
Stefanie Pow  
Danielle Stanislaus  
John Urban  
Radiah Victor

Vacant - Sr Program Coordinator  
Vacant - Program Coordinator

BRIDGE OVERSIGHT AND  
OPERATIONS (12)  
Rod McMillan  
Director

Stephen Baker  
Valerie Campbell  
Jeff Gerbracht  
Kathy Hsieh  
Raymond Joozon  
Linda Lee  
Peter Lee  
Scott Shepard  
Jason Weinstein  
Stephen Wolf  
Beth Zeinski

TRAVELER COORDINATION  
AND INFORMATION (20)  
Melanie Croty  
Director

Nisar Ahmed  
Jacob Avidon  
Janet Banner  
Edgar Brown  
Shauna Callow  
Cheryl Chi  
Brian Gebhardt  
Pierce Gould  
Susan Heinrich  
Kelley Jackson  
Carol Kuester  
Mike Lee  
Jim Macrae  
Debbie Scarborough  
Thomas Spiekerman  
James Stagi  
Emily Van Wagner  
David Weir

Vacant - Program Coordinator

Footnotes:  
166 Regular full-time positions  
4 Project-based positions\*  
170 Total Positions  
1 Advises Commission Directly  
updated 7-1-09

Steve Heminger  
Executive Director



# **METROPOLITAN TRANSPORTATION COMMISSION**

## **COMMISSIONERS**

|                            |  |
|----------------------------|--|
| Bill Dodd, Chair           | Napa County and Cities                                       |
| Scott Haggerty, Vice Chair | Alameda County   |
| Tom Azumbrado              | US Department of Housing and Urban<br>Development            |
| Tom Bates                  | Cities of Alameda County                                     |
| Jake Mackenzie             | Sonoma County and Cities                                     |
| Dean Chu                   | Cities of Santa Clara County                                 |
| Dave Cortese               | Association of Bay Area Governments                          |
| Chris Daly                 | City and County of San Francisco                             |
| Dorene M. Giacomini        | US Department of Transportation                              |
| Federal Glover             | Contra Costa County  |
| Anne W. Halsted            | San Francisco Bay Conservation and Development<br>Commission |
| Steve Kinsey               | Marin County and Cities                                      |
| Sue Lempert                | Cities of San Mateo County                                   |
| Jon Rubin                  | San Francisco Mayor's Appointee                              |
| Bijan Sartipi              | State Business, Transportation and Housing Agency            |
| James P. Spering           | Solano County and Cities                                     |
| Adrienne J. Tissier        | San Mateo County   |
| Amy Worth                  | Cities of Contra Costa County                                |
| Ken Yeager                 | Santa Clara County   |

## **APPOINTED OFFICIALS**

|                |                    |
|----------------|--------------------|
| Steve Heminger | Executive Director |
| Francis Chin   | Legal Counsel      |

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Metropolitan Transportation Commission, California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. R. +".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

**Report of Independent Auditors**

To the Commissioners of the  
Metropolitan Transportation Commission:

In our opinion, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Metropolitan Transportation Commission (MTC) which collectively comprise MTC's basic financial statements as listed in the table of contents, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of MTC at June 30, 2009 and 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of MTC's management. Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As described in Note 1C to the financial statements, for the year ended June 30, 2009 MTC retroactively adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

The accompanying management's discussion and analysis appearing on pages 2 through 13 and the budgetary comparison and funding status information identified in the table of contents under *Required Supplementary Information* and appearing on pages 81 through 85 of this report are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise MTC's basic financial statements. The supplementary schedules identified in the table of contents under *Other Supplementary Information* and appearing on pages 86 through 108 of this report are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 charts, schedules and other information identified in the table of contents under *Statistical Section* and appearing on pages 109-125 of this report have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*PricewaterhouseCoopers LLP*

October 6, 2009

# **Metropolitan Transportation Commission**

## **Financial Statements for the years ended June 30, 2009 and 2008**

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

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

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

This section presents an overview of the financial activities of the Metropolitan Transportation Commission (MTC), as well as its blended and discretely presented component units as discussed separately below for the years ended June 30, 2009 and 2008.

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

Fiscal 2009 was a difficult year for MTC as it was for the nine-county region, state and nation as a whole. Virtually all of MTC's operational units saw dramatically reduced revenue from many sources such as, declining toll revenue, the state reduction of transportation funds for state budget purposes and interest rates reaching near zero levels on invested assets. Still, there were some highlights as MTC allocated over \$1 billion in federal stimulus funds to initiate important regional projects and support local jobs in the local economy.

Following are some highlights from fiscal year 2009:

- MTC adopted the Transportation 2035 Plan for the San Francisco Bay Area. The plan outlines how transportation funds will be spent over the next 25 years in the nine Bay Area counties.
- The Bay Area nine-county region received approximately \$660 million in programming dollars from the American Recovery and Reinvestment Act (ARRA). MTC has already programmed the ARRA funds and will work with the other agencies to follow the ARRA requirements and timelines to spend the funds.
- MTC approved a set of High Occupancy Toll (HOT) Network Principles to mark the region's commitment to a regional network of HOT lanes in conjunction with the long-range transportation plan update and regional goals to reduce congestion.
- San Francisco Municipal Transportation Authority and Caltrain were declared "revenue ready" for the Translink project in September 2008, making the regional fare system operational with the region's two largest transit operators.
- The Bay Area Toll Authority (BATA) committed \$80 million dollars to replace Doyle Drive. The billion dollar project will improve seismic, structural, and traffic safety.
- The temporary bus terminal, that will serve passengers while a new landmark Transbay Transit Center is being constructed, broke ground in December 2008.
- Revenue sources fell, including State Transit Assistance funds that the State of California retained for its general fund, and sales tax revenue decreased in the region due to the economy.
- Losses in sub-prime mortgage values continued to hurt the tax exempt bond insurers who lost their "AAA" ratings. Bonds insured by Ambac increased in cost and were ultimately refunded or reoffered. Throughout the restructuring, BATA maintained its high credit ratings of AA/Aa3/AA-.

The economy continued to be in a recession with high unemployment and property values still unsettled. Still, MTC and its operating units are in stable financial condition and are providing valuable regional resources in seismic and transportation projects to help the region recover. All MTC operating units, MTC, BATA and MTC Service Authority for Freeways and Expressways (MTC SAFE), managed to adopt 2009-2010 budgets that met lower revenue levels with lower expense levels, but without staff layoffs or significant capacity to maintain service levels.

# **Metropolitan Transportation Commission**

## **Financial Statements for the years ended June 30, 2009 and 2008**

### **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, as well as its blended and discretely presented component units. The government-wide financial statements comprise a Statement of Net Assets, a Statement of Activities, and accompanying footnotes. The Statement of Net Assets presents information on the government-wide assets and liabilities of MTC at the end of the 2009 and 2008 fiscal years. 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 2009 and 2008 fiscal years. All changes in net assets are recorded as revenues are earned and expenses are incurred, regardless of the timing of related cash flows.

MTC is composed of governmental and business-type funds, as well as one discretely presented component unit. The governmental funds are comprised of the general fund, the special revenue funds and the capital project funds. The business or proprietary funds are BATA, MTC Service Authority for Freeways and Expressways (MTC SAFE), and Bay Area Infrastructure Authority (BAIFA). BATA and MTC SAFE are blended component units whose transactions are presented as if they were business-type funds. BAIFA is a discretely presented component unit on the government-wide financial statements. MTC also holds and administers two fiduciary funds. These funds are further described in section C below and in Note 1A to the Financial Statements.

The government-wide Statement of Net Assets and Statement of Activities are presented on pages 14-17 of this report with the accompanying footnotes being presented on pages 32-80.

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

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

Governmental funds are used to account for the MTC activities and are supported primarily by grants, contributions, sales taxes, and intergovernmental revenue sources. Governmental funds provide additional information not provided in the government-wide statements in that they 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, two major special revenue funds, other non-major special revenue funds and a capital projects fund. The financial statements of the governmental funds, prepared under the modified accrual basis of accounting are on pages 18-22 of this report. A schedule detailing the non-major special revenue funds are included on pages 87-88 of this report.

MTC adopts annual budgets for all funds. However, a comparison of budget-to-actual is required only for certain governmental funds (major funds) and these are presented on pages 82-84 of this report. A comparison of budget to actual is also presented for non-major funds on pages 89-94.

##### *ii) Proprietary Funds*

Proprietary funds are used to report business-type activities. MTC has two proprietary funds, BATA and MTC SAFE. These funds are presented as blended component units of MTC as if they were

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proprietary funds on the government-wide and fund 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 BATA Regional Measure 1 (RM 1) and Regional Measure 2 (RM 2) capital improvement programs approved by the voters in 1988 and 2004, respectively. BATA has oversight responsibilities over the seismic toll revenue as well as the retrofit program. MTC SAFE administers a freeway motorist aid system providing tow truck and call box services to stranded motorists in the nine Bay Area counties.

The financial statements of the proprietary funds are prepared on an accrual basis and are on pages 23-30.

*iii) Fiduciary Funds*

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

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

The fiduciary funds financial statement is presented on page 31 of this report.

*iv) Discretely Presented Component Unit*

The Bay Area Infrastructure Authority (BAIFA) was established in August 2006, as a separate public entity pursuant to the California Joint Exercise of Power Act, to plan capital projects and obtain funding in the form of grants, contributions, appropriations, loans and other assistance. BAIFA apply funds received to pay debt service on bonds issued by BAIFA to finance or refinance the related capital improvement projects. BAIFA is presented as a proprietary fund in the discretely presented component unit column of the government-wide financial statement as it does not meet the criteria for blending under the provisions of GASB Statement No. 14.

**D. Notes to the Financial Statements**

The notes to the financial statements, beginning on page 32, 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 liabilities exceeded total assets for fiscal 2009 by \$2,690,030 while total government-wide liabilities exceeded assets by \$1,889,937 for fiscal 2008 as illustrated in the following table. This represents a decrease in net assets for fiscal 2009 of \$800,093 and a decrease of \$533,312 for fiscal 2008. The cause of the net asset deficit is the impact of BATA since BATA does not own or maintain title to the bridges. This deficit will be reduced through operating income earned in the future as the toll revenue debt is retired and the project is completed.

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*i.) Statement of Net Assets*

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

| Metropolitan Transportation Commission's Statement of Net Assets (\$000) |              |            |            |                |                |                |                |                |                |      |
|--|--------------|------------|------------|----------------|----------------|----------------|----------------|----------------|----------------|------|
|  | Governmental |            |            | Business-Type  |                |                | Total          |                |                |      |
|  | Activities   |            | 2007       | Activities     |                | 2007           | 2009           |                | 2008*          | 2007 |
|  | 2009         | 2008*      |            | 2009           | 2008*          |                | 2009           | 2008*          |                |      |
| Cash and investments   | \$ 300,012   | \$ 273,188 | \$ 212,094 | \$ 2,110,180   | \$ 2,901,882   | \$ 2,701,811   | \$ 2,410,192   | \$ 3,175,070   | \$ 2,913,905   |      |
| Receivables  | 48,074       | 80,962     | 81,949     | 11,643         | 12,912         | 28,178         | 59,717         | 93,874         | 110,127        |      |
| Other assets & deferred outflows   | 7,977        | 8,139      | 759        | 385,863        | 210,295        | 48,001         | 393,840        | 218,434        | 48,760         |      |
| Loan to other agency   | 37,000       | 42,000     | 47,000     | -              | -              | -              | 37,000         | 42,000         | 47,000         |      |
| Capital assets   | 8,443        | 8,855      | 6,133      | 12,779         | 8,206          | 5,596          | 21,222         | 17,061         | 11,729         |      |
| Total assets and deferred outflows                                       | 401,506      | 413,144    | 347,935    | 2,520,465      | 3,133,295      | 2,783,586      | 2,921,971      | 3,546,439      | 3,131,521      |      |
| Other liabilities  | 63,102       | 61,557     | 53,040     | 335,978        | 272,053        | 301,558        | 399,080        | 333,610        | 354,598        |      |
| Long term liabilities  | 30,679       | 38,668     | 1,441      | 5,182,242      | 5,064,098      | 4,132,106      | 5,212,921      | 5,102,766      | 4,133,547      |      |
| Total liabilities  | 93,781       | 100,225    | 54,481     | 5,518,220      | 5,336,151      | 4,433,664      | 5,612,001      | 5,436,376      | 4,488,145      |      |
| Net assets:  |              |            |            |                |                |                |                |                |                |      |
| Invested in capital assets, net of related debt                          | 8,393        | 8,768      | 6,015      | 12,779         | 8,206          | 5,596          | 21,172         | 16,974         | 11,611         |      |
| Restricted   | 329,243      | 337,420    | 157,234    | 293,873        | 338,458        | 691,735        | 623,116        | 675,878        | 848,969        |      |
| Unrestricted   | (29,911)     | (33,269)   | 130,205    | (3,304,407)    | (2,549,520)    | (2,347,410)    | (3,334,318)    | (2,582,789)    | (2,217,205)    |      |
| Total net assets / (deficit)   | \$ 307,725   | \$ 312,919 | \$ 293,454 | \$ (2,997,755) | \$ (2,202,856) | \$ (1,650,079) | \$ (2,690,030) | \$ (1,889,937) | \$ (1,356,625) |      |

\*Fiscal 2008 has been revised in accordance with the implementation guidance in GASB Statement No. 53, *Accounting and Financial Reporting of Derivative Instrument*. Fiscal 2007 has not been restated as permitted by the standard. The adoption of GASB Statement No. 53 resulted in recording a liability and associated deferred outflow in business-type activities. Neither statement had any impact to the net assets of MTC.

Cash and investments decreased by \$764,878 from 2008 to 2009 and increased by \$261,165 from 2007 to 2008. The decrease in 2009 is mainly due to BATA financing the RM1 and the Seismic retrofit projects. The increase in 2008 is mainly the result of proceeds of two BATA toll revenue bond issues.

Long-term liabilities increased by \$110,155 or 2.2 percent in 2009 and increased by \$969,219 or 23.4 percent in 2008. The recording of the fair value of derivative instrument -interest rate swap of \$252,460 in 2009 and \$158,600 in 2008 due to implementation of Statement No. 53, contributed to both years' increase. Also in 2009, the due to BAIFA decreased by \$43,024 and the deferred charge on bond refunding from the 2008 Series F1 decreased the liability by \$38,287. Additional increases in 2008 include the issuance of two new BATA bonds for the net proceeds of \$507,760 and the due to BAIFA increased by \$298,703 due to project drawdowns.

In fiscal year 2007, BATA entered into a contribution agreement with the BAIFA. Under the contribution agreement, BATA pledged and irrevocably assigned to BAIFA \$1,135,000 of future state payments representing part of the State of California's share for the seismic retrofit and replacement program. The state payments are provided for in state legislation. In December 2006, BAIFA issued notes called State Payment Acceleration Notes (SPAN) of \$972,320. As BATA incurs expenses for the seismic projects, BAIFA reimburses BATA from the note proceeds. The transactions are accounted for under Governmental Accounting Standards Board Statement Number 48 on "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues."

Other liabilities increased by \$65,470 or 19.6 percent in 2009 compared to a decrease of \$20,988 or 5.9 percent in 2008. The increase in 2009 and the decrease in 2008 is mainly the result of the scheduled BAIFA payments. In 2009, BAIFA payment was \$99,000 compared to \$43,000 in 2008, an increase of \$56,000 to the liability. The increases in the liability to Caltrans of \$7,352 for the

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reimbursement of San Francisco East Span Replacement Project, the unearned revenue of \$2,934, and the accounts payable of \$572 also contributed to the increase, but there was a decrease in the current portion of long term debt by \$1,435. In 2008, BAIFA payment was \$43,000 compared to \$100,000 in 2007 for a decrease of \$57,000 to the liability. The increase in the liability to CALTRANS of \$34,226 offset this decrease.

The net deficit increased by \$800,093 or 42.3 percent in 2009 following an increase of \$533,312 or 39.3 percent in 2008. The increase in the net deficit for both fiscal years is mainly from the drawdowns of the Seismic Retrofit and RM 1 programs. BATA is the financing arm for the Regional Measures 1, 2, and Seismic Retrofit programs. The bond proceeds from these debt obligations are used to reimburse Caltrans for capital construction costs on the seven state-owned toll bridges. Since the bridges are not capitalized under BATA and title remains with Caltrans, the combination of distributions to Caltrans and increased debt to pay for project expenditures creates a negative asset, or deficit. Future toll revenues are pledged to cover debt service payments. This information is more fully described in Note 2 of this report.

ii) Statement of Activities

The net assets for governmental activities and business type activities decreased in 2009. The decrease in net assets for governmental activities is due to the decrease in operating grants in fiscal 2009. The increase in negative net assets for business type activities is the result of BATA project financing and expense activities. A breakdown of this activity is illustrated in the table below:

| Metropolitan Transportation Commission's Statement of Activities (\$000) |              |            |            |                |                |                |                |                |                |
|--|--------------|------------|------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  | Governmental |            |            | Business-Type  |                |                | Total          |                |                |
|  | Activities   |            |            | Activities     |                |                |                |                |                |
|  | 2009         | 2008       | 2007       | 2009           | 2008           | 2007           | 2009           | 2008           | 2007           |
| Revenues:  |              |            |            |                |                |                |                |                |                |
| Program revenues:  |              |            |            |                |                |                |                |                |                |
| Charges for services   | \$ -         | \$ -       | \$ -       | \$ 492,963     | \$ 497,712     | \$ 434,341     | \$ 492,963     | \$ 497,712     | \$ 434,341     |
| Operating grants and contributions                                       | 146,844      | 207,496    | 320,311    | 53,490         | 110,372        | 283,082        | 200,334        | 317,868        | 603,393        |
| Capital grants and contributions   | -            | 9,858      | -          | -              | -              | 1,235          | -              | 9,858          | 1,235          |
| General revenues:  |              |            |            |                |                |                |                |                |                |
| Investment earnings  | 5,785        | 11,390     | 10,908     | 149            | 116,704        | 97,280         | 5,934          | 128,094        | 108,188        |
| Total revenues   | 152,629      | 228,744    | 331,219    | 546,602        | 724,788        | 815,938        | 699,231        | 953,532        | 1,147,157      |
| Expenses:  |              |            |            |                |                |                |                |                |                |
| General government   | 86,672       | 85,202     | 93,884     | -              | -              | -              | 86,672         | 85,202         | 93,884         |
| Allocations to other agencies  | 99,153       | 152,999    | 145,647    | -              | -              | -              | 99,153         | 152,999        | 145,647        |
| Toll bridge activities   | -            | -          | -          | 1,299,135      | 1,234,968      | 1,155,916      | 1,299,135      | 1,234,968      | 1,155,916      |
| Congestion relief  | -            | -          | -          | 14,363         | 13,675         | 16,892         | 14,363         | 13,675         | 16,892         |
| Total expenses   | 185,825      | 238,201    | 239,531    | 1,313,498      | 1,248,643      | 1,172,808      | 1,499,323      | 1,486,844      | 1,412,339      |
| Inc/(Dec) in net assets before transfers                                 | (33,196)     | (9,457)    | 91,688     | (766,896)      | (523,855)      | (356,870)      | (800,092)      | (533,312)      | (265,182)      |
| Transfers in (out)   | 28,003       | 28,922     | 27,852     | (28,003)       | (28,922)       | (27,852)       | -              | -              | -              |
| Increase (decrease) in net assets  | (5,193)      | 19,465     | 119,540    | (794,899)      | (552,777)      | (384,722)      | (800,092)      | (533,312)      | (265,182)      |
| Net assets / (deficit) - Beginning                                       | 312,918      | 293,454    | 173,914    | (2,202,856)    | (1,650,079)    | (1,265,357)    | (1,889,938)    | (1,356,625)    | (1,091,443)    |
| Net assets / (deficit) - Ending  | \$ 307,725   | \$ 312,919 | \$ 293,454 | \$ (2,997,755) | \$ (2,202,856) | \$ (1,650,079) | \$ (2,690,030) | \$ (1,889,937) | \$ (1,356,625) |

Management does not believe that Governmental Funds and Business-type Activities are comparable for analytical purposes. While the combined schedules show a total picture of MTC responsibilities, the two activities must be seen in their respective parts to evaluate MTC's financial results. State and federal laws restrict MTC's various funding sources to specific responsibilities that cannot be combined or commingled. Additional explanation is included in the business-type activities as well as the schedule of governmental funds.



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

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

|  | Business-Type Activities (\$000) |                |                |           |           |           |                |                |                |
|--|----------------------------------|----------------|----------------|-----------|-----------|-----------|----------------|----------------|----------------|
|  | Bay Area Toll Authority          |                |                | MTC SAFE  |           |           | Total          |                |                |
|  | 2009                             | 2008           | 2007           | 2009      | 2008      | 2007      | 2009           | 2008           | 2007           |
| Revenues:                                |                                  |                |                |           |           |           |                |                |                |
| Toll revenues collected by Caltrans      | \$ 470,136                       | \$ 477,377     | \$ 422,355     | \$ -      | \$ -      | \$ -      | \$ 470,136     | \$ 477,377     | \$ 422,355     |
| Other operating revenues                 | 16,829                           | 14,309         | 5,989          | 5,998     | 6,026     | 5,998     | 22,827         | 20,335         | 11,987         |
| Total revenues                           | 486,965                          | 491,686        | 428,344        | 5,998     | 6,026     | 5,998     | 492,963        | 497,712        | 434,342        |
| Operating expenses:                      |                                  |                |                |           |           |           |                |                |                |
| Operating exp incurred by Caltrans       | 28,610                           | 30,271         | 29,576         | -         | -         | -         | 28,610         | 30,271         | 29,576         |
| Other operating expenses                 | 72,963                           | 70,820         | 66,000         | 13,630    | 13,698    | 16,776    | 86,593         | 84,518         | 82,776         |
| Total operating expenses                 | 101,573                          | 101,091        | 95,576         | 13,630    | 13,698    | 16,776    | 115,203        | 114,789        | 112,352        |
| Operating income/(loss)                  | 385,392                          | 390,595        | 332,768        | (7,632)   | (7,672)   | (10,778)  | 377,760        | 382,923        | 321,990        |
| Non-operating revenues/(expenses)        |                                  |                |                |           |           |           |                |                |                |
| Investment income                        | 21                               | 116,134        | 96,415         | 128       | 570       | 865       | 149            | 116,704        | 97,280         |
| Interest expense                         | (197,742)                        | (191,859)      | (131,439)      | -         | -         | -         | (197,742)      | (191,859)      | (131,439)      |
| Financing fees                           | (14,442)                         | (7,622)        | (5,351)        | -         | -         | -         | (14,442)       | (7,622)        | (5,351)        |
| Other non-operating expense              | (2,333)                          | (1,387)        | (1,066)        | -         | -         | -         | (2,333)        | (1,387)        | (1,066)        |
| Operating grants                         | 46,244                           | 102,832        | 275,590        | 7,247     | 7,540     | 7,491     | 53,491         | 110,372        | 283,081        |
| Contributions from Caltrans              | -                                | -              | 1,235          | -         | -         | -         | -              | -              | 1,235          |
| Contribution to BAIFA                    | -                                | -              | (15,000)       | -         | -         | -         | -              | -              | (15,000)       |
| Dist other agencies for capital purposes | (983,046)                        | (933,009)      | (907,485)      | (733)     | -         | -         | (983,779)      | (933,009)      | (907,485)      |
| Other                                    | -                                | -              | -              | -         | 23        | (115)     | -              | 23             | (115)          |
| Total non-oper revenues (exp)            | (1,151,298)                      | (914,911)      | (687,101)      | 6,642     | 8,133     | 8,241     | (1,144,656)    | (906,778)      | (678,860)      |
| Income/(loss) before transfers           | (765,906)                        | (524,316)      | (354,333)      | (990)     | 461       | (2,537)   | (766,896)      | (523,855)      | (356,870)      |
| Transfers                                | (26,710)                         | (27,208)       | (28,516)       | (1,293)   | (1,714)   | 664       | (28,003)       | (28,922)       | (27,852)       |
| Change in net assets                     | (792,616)                        | (551,524)      | (382,849)      | (2,283)   | (1,253)   | (1,873)   | (794,899)      | (552,777)      | (384,722)      |
| Total net assets / (deficit) - beginning | (2,225,848)                      | (1,674,324)    | (1,291,475)    | 22,992    | 24,245    | 26,118    | (2,202,856)    | (1,650,079)    | (1,265,357)    |
| Total net assets / (deficit) - ending    | \$ (3,018,464)                   | \$ (2,225,848) | \$ (1,674,324) | \$ 20,709 | \$ 22,992 | \$ 24,245 | \$ (2,997,755) | \$ (2,202,856) | \$ (1,650,079) |

BATA is the largest of MTC's business-type activities and one of the largest and highest rated toll enterprises in the country.

In fiscal year 2009, BATA completed the restructuring of its variable and auction rate debt portfolio to lower its debt costs that had risen as a result of the failure of the auction rate market and the decreased value associated with the municipal bond insurance.

BATA also adopted the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which is explained in Note 5. During fiscal year 2009, a portion of BATA's interest rate swaps no longer qualified for hedge accounting because the related bonds were refunded, resulting in BATA posting the change in fair value against investment income. The effect of the swap transaction, along with the low interest rates and lower cash balances, caused the interest income to drop significantly in 2009. This movement will be explained below.

BATA's toll revenue of \$470,136 decreased by \$7,241 in 2009 compared to an increase of \$55,022 in 2008. The increase in 2008 revenue was a result of collecting the second seismic dollar, which became effective January 1, 2007, for a full year. The total number of paid toll vehicles for all bridges decreased by 1.3 percent in 2009 after a drop of 1.8 percent in fiscal 2008. BATA believes the decrease in paid traffic is related to the economic conditions. Detailed traffic counts are available in the Statistical Section, Table 8.

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BATA's other operating revenue, consisting primarily of toll violation payments, increased by \$2,520 for fiscal 2009 and by \$8,320 for fiscal 2008. The increase in both years is due to the improved collection of violation penalties particularly through the holds placed by the California Department of Motor Vehicles (DMV). As an added means of controlling toll evasion, BATA is testing a new violation system that is expected to be fully implemented by the end of fiscal 2010.

BATA's total operating expenses rose by \$482 or .5 percent in 2009 and \$5,515 or 5.8 percent increase for 2008. The increase in both years is mainly due to allocations to other agencies for RM 2 operating projects increasing by \$1,646 in 2009 and \$2,428 in 2008. Salaries and benefits increased \$422 in 2009 and \$612 in 2008 due to wage rate increases and hiring of temporary staff. Depreciation and amortization increased by \$79 and \$363 in 2009 and 2008 respectively. Other expenses increased by \$113 in 2009 and \$1,819 in 2008 as a result of additional bank service charges and Department of Motor Vehicle and collection agency fees associated with the enforcement of toll violations. However, professional fees decreased by \$117 in 2009 and \$381 in 2008 due to reduced toll tag purchases. Operating expense incurred by Caltrans decreased by \$1,662 in 2009 and increased \$695 in 2008. In 2009 additional FasTrak<sup>®</sup> dedicated lanes were opened in all the bridges, resulting to the decrease in the cost of Caltrans operations.

BATA's investment income for 2009 decreased by \$116,113 compared to an increase of \$19,719 in 2008. The combination of historically low interest rates, lower cash balances, and the decrease in fair value of derivative instruments not considered hedging instruments, contributed to the decrease in 2009. The interest income for 2009 was \$38,740 which was offset by \$38,719 of unrealized investment derivative losses. The \$38,719 represents a charge for a change in the market valuation of the swaps that no longer qualify for hedge accounting. In 2008, the increases over 2007 were generated from larger cash balances from bond proceeds, as well as higher investment rates.

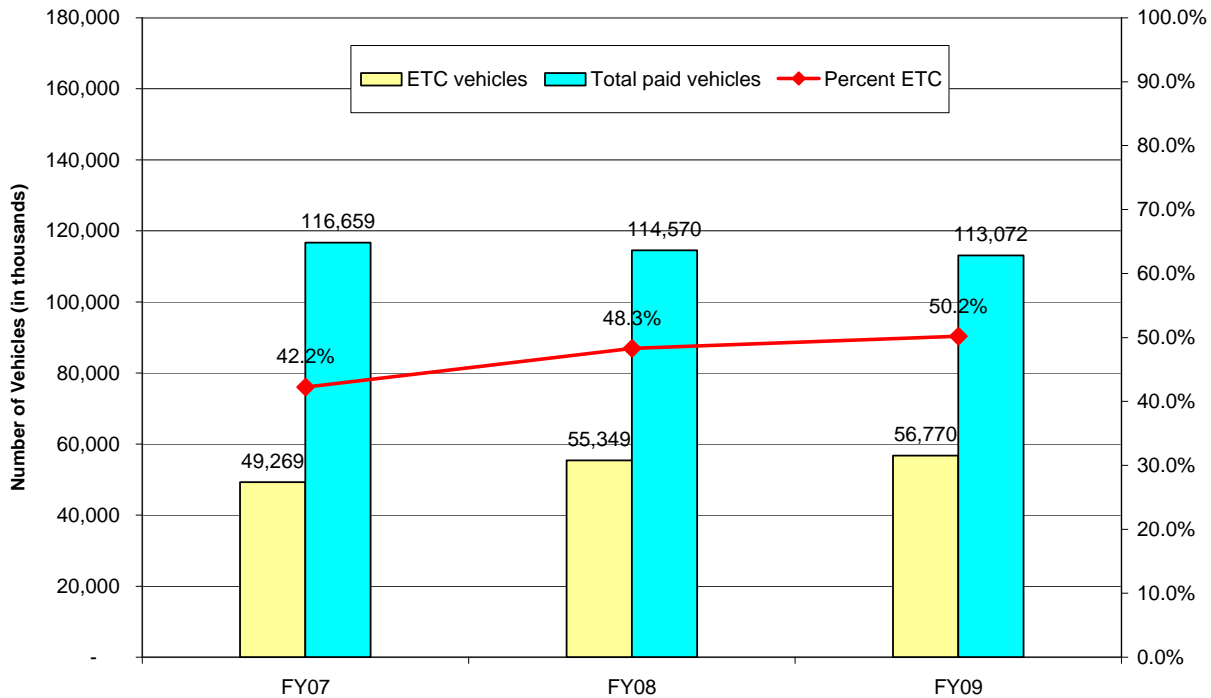
BATA's interest expense increased by \$5.9 million and \$60 million for fiscal 2009 and 2008, respectively. The market disruption resulting from the sub-prime and auction rate market failures in 2008 and the failure of the municipal bond insurance caused the spike in the variable rate interest rate costs for 2008.

BATA's financing fees and other non-operating expense increased by \$7,766 and \$2,592 in 2009 and 2008, respectively. The combination of bond facility fee rate increases and the additional bond facility fees from the new refunding and reoffering bonds are the factors for the increase for 2009.

Revenue collections from the FasTrak<sup>®</sup> electronic toll program continue to increase. Electronic toll collection (ETC) revenue comprised 50.2 percent of the total paid vehicles in fiscal 2009 compared to 48.3 percent in the prior fiscal year. The graph on the next page illustrates the increase in electronic toll collection usage for the last three years.

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**ETC Usage by Fiscal Year**



The growth in ETC processing has had the positive impact of improving traffic flow on the bridges, but has experienced an increase in toll violations. As a result, toll violation revenue (“other revenue”) increased by almost 20 percent in fiscal 2009 and almost tripled in fiscal 2008.

MTC Service Authority for Freeways and Expressways (SAFE) operating revenues (DMV fees) decreased by \$28 or 0.5 percent in fiscal year 2009 and increased \$28 or 0.5 percent in 2008. Operating expense for SAFE decreased \$68 or 0.5 percent in 2009 and decreased by \$3,078 or 18.3 percent in 2008. The difference in operating expense for fiscal 2008 is mainly due to a decrease of \$3,519 as fiscal 2007 included expenses for upgrading call boxes and an increase in towing expense of \$663 due to the addition of new routes for the Freeway Service Patrol program. Interest income decreased by \$442 in fiscal 2009 and decreased by \$295 for fiscal 2008 due mainly to record low interest rates and a lower cash balance in fiscal 2009.

**G. Financial Analysis of Governmental Funds**

The fund balance, including restricted and unassigned funds, has decreased over the last two years. The fund balance of the MTC governmental funds was \$295,069 and \$299,364 as of June 30, 2009 and 2008, respectively, as reported under the modified accrual basis of accounting. The fund balance includes nonspendable amounts of \$593 and \$408 for prepaid items in fiscal 2009 and 2008, respectively, and restricted amounts of \$273,880 and \$276,906 for transportation and rail projects specific to special revenue and capital project funds for fiscal 2009 and 2008, respectively. The committed amounts of \$10,386 and \$10,375 for fiscal 2009 and 2008, respectively, represent amounts designated by the Commission for specific or other designated purposes. The unassigned fund

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balance of \$10,210 and \$11,676 for fiscal 2009 and 2008, respectively, represents unassigned funds available for appropriation at the government's discretion.

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

|                                     | <u>Governmental Funds (\$000)</u> |            |            |
|-------------------------------------|-----------------------------------|------------|------------|
|                                     | 2009                              | 2008       | 2007       |
| <b>Revenues:</b>                    |                                   |            |            |
| Sales taxes                         | \$ 9,848                          | \$ 10,799  | \$ 10,626  |
| Grants - Federal                    | 41,426                            | 50,727     | 44,210     |
| Grants - State                      | 61,796                            | 127,565    | 227,808    |
| Local agencies revenues and refunds | 33,774                            | 33,262     | 37,666     |
| Investment income                   | 5,785                             | 12,800     | 9,499      |
| Total revenues                      | 152,629                           | 235,153    | 329,809    |
| <b>Expenditures:</b>                |                                   |            |            |
| <b>Current:</b>                     |                                   |            |            |
| General government                  | 64,358                            | 74,153     | 59,181     |
| Allocations to other agencies       | 107,027                           | 163,424    | 156,210    |
| Capital outlay                      | 13,542                            | 15,743     | 14,166     |
| Total expenditures                  | 184,927                           | 253,320    | 229,557    |
| Transfers in                        | 28,003                            | 75,922     | 27,852     |
| Net change in fund balance          | (4,295)                           | 57,755     | 128,104    |
| Fund balance - beginning            | 299,364                           | 241,609    | 113,505    |
| Fund balance - ending               | \$ 295,069                        | \$ 299,364 | \$ 241,609 |

The change in fund balance is largely due to the decrease in revenue over the last three years. Revenue dropped \$82,524 or 35.1 percent in 2009 and decreased by \$94,656 or 28.7 percent in fiscal 2008. MTC's sales tax revenue decreased by \$951 or 8.8 percent in fiscal 2009 compared to an increase of \$173 or 1.6 percent in fiscal 2008. Eight of the nine counties had decreases from the prior year. Contra Costa's sales tax revenue contained a prior year adjustment which resulted in positive year over year growth. All nine counties were adversely affected by the slowdown in retail sales. The decrease in state and other agency revenue for fiscal 2009 of \$65,257 or 40.5 percent is mainly due to a decrease of State Transit revenue of \$67,564. The State of California reduced the STA revenue by one half and retained the other half for its budget. The decrease in state and other agency revenue for fiscal 2008 of \$104,647 stems mainly from a decrease of \$96,471 of State Transit Assistance revenue.

Overall, governmental fund expenditures dropped by \$68,393 million in 2009 and grew by \$23,763 million in 2008. The 2009 general government expenditures decreased by \$9,795 due mostly to pre-funding the Other Post Employment Benefit (OPEB) liability. More information on the pre-funding of the OPEB liability is provided in Note 9. The general government expenditures increased by \$14,972 in 2008 due to additional program expenditures which include increases to the Spare the Air program of \$2,758 and \$2,473 of expenditures for the MacArthur Maze emergency response. Allocations to other agencies decreased by \$56,397 or 34.5 percent for fiscal 2009 compared to an increased by

**Metropolitan Transportation Commission  
Financial Statements for the years ended June 30, 2009 and 2008  
Management's Discussion and Analysis (unaudited) continued**

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\$7,214 or 4.62 percent for fiscal 2008. The decrease in 2009 is due to State budget cuts for the State Transit Assistance program.

The capital outlay expenditures decreased by \$2,201 in fiscal 2009 and increased by \$1,577 in fiscal 2008. The change in capital outlay expenditures is due to the completion of the MetroCenter seismic retrofit project in August 2008.

The decrease of \$47,919 for transfers in 2009 is the result of MTC receiving \$47,000 as proceeds from the BART loan assignment in 2008. Under the agreement, MTC assigned the balance of the BART loan to BATA in exchange for an up-front payment.

The change in net assets presented in the Statement of Activities for governmental activities has decreased as well. Net assets for governmental funds were \$307,725 and \$312,919 for fiscal years 2009 and 2008, respectively. Program revenues dropped by \$70,510 or 32.4% in 2009 and decreased by \$102,957 or 32.1% in fiscal 2008. For 2009, this is due to a decrease in transportation operating grant revenue of \$55,911. In addition, 2008 reflects receipt of the Proposition 1 B capital grant. The decrease in 2008 was due to a decrease in transportation operating grant revenue of \$110,102.

**H. General Fund Budget**

The MTC general fund budget was amended by \$8 million in increased revenue and approximately \$9 million in additional expenditures. The actual revenue-to-expenditure balance for 2009 reflects a surplus of \$.5 million.

The following provides a condensed view of the final budgeted results compared to actual results for the year ended June 30, 2009.

|                            | <u>General Fund Budget</u> |              |           |             |
|----------------------------|----------------------------|--------------|-----------|-------------|
|                            | Adopted Budget             | Final Budget | Actual    | Variance    |
| Revenues                   | \$ 98,365                  | \$ 106,673   | \$ 47,459 | \$ (59,214) |
| Expenditures               | 147,843                    | 156,429      | 65,733    | 90,696      |
| Excess/(Deficiency)        | (49,478)                   | (49,756)     | (18,274)  | 31,482      |
| Transfer in                | 44,539                     | 44,817       | 18,737    | (26,080)    |
| Net change in fund balance | (4,939)                    | (4,939)      | 463       | 5,402       |
| Fund balance - beginning   | 19,262                     | 19,262       | 19,262    | -           |
| Fund balance - ending      | \$ 14,323                  | \$ 14,323    | \$ 19,725 | \$ 5,402    |

MTC's federal and state funding sources are on a reimbursement basis so it is not unusual for revenue to lag behind the budget. Actual expenditures were also well below budget because several major programs were budgeted but were not completed during the fiscal year.

**I. Capital Asset Administration**

MTC's investment in capital assets for all funds, governmental and proprietary, is \$21,222 for fiscal 2009 and \$17,061 for fiscal 2008 as reported under the accrual basis of accounting. Fiscal 2009 includes new costs of \$2,183 for a new violations system and \$1,866 for new call boxes. The new Open Road Tolling lanes at the Benicia-Martinez Bridge increased capitalized costs by \$2,792 for fiscal 2008. Also, construction-in-progress costs incurred of \$3,166 in fiscal 2008 for the seismic

# **Metropolitan Transportation Commission**

## **Financial Statements for the years ended June 30, 2009 and 2008**

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

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retrofit work of MTC's offices. Assets relating to the seven state-owned bridges administered by BATA are recorded by Caltrans.

Additional information on MTC's capital assets is disclosed in Note 4 on pages 53-56 of this report.

#### **J. Long-Term Debt Administration**

BATA completed the restructuring of \$2.4 billion of its variable rate debt during fiscal year 2009. BATA issued \$708 million of fixed rate bonds and reoffered \$1.7 billion variable rate bonds as uninsured variable rate bonds. As a result of a series of downgrades of Ambac's credit rating, BATA's insured variable rate bonds experienced significant interest rate spikes. At the same time, BATA negotiated a three-year insurance suspension option with Ambac. The suspension allows BATA to maintain a one time option of reactivating Ambac insurance on its variable rate bonds.

*Component Unit – BAIFA* In December 2006, BATA entered into a contribution agreement with the BAIFA. Under the contribution agreement, BATA pledged and assigned its rights to future scheduled payments of \$1,135,000 from the State of California to BAIFA. Annual payments to BAIFA are scheduled through year 2014. The amount represents a part of the state's share of the Seismic Retrofit and Replacement Program. In the same month, BAIFA issued State Payment Acceleration Notes (SPANs) of \$972,320. BAIFA deposited a portion of the bond proceeds of \$887,991 in the project fund for reimbursement to BATA for the seismic project expenses in return for the pledged revenues. BAIFA used the remaining note proceeds for deposit in the Pledged Revenue Fund, Reserve Fund or payment for the cost of issuance. As of fiscal year end 2008, BAIFA has reimbursed BATA all the proceeds from the SPANs in the project fund for the costs of seismic retrofit projects. BAIFA also has received \$268,000 of the \$1,135,000 revenue scheduled to be paid by the state through BATA.

Additional information on MTC's long-term debt can be found in Note 5 on pages 57-70 of this report.

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

The Bay Area economy has been impacted by record high unemployment, a record high number of home foreclosures and a general slowdown in consumer spending. These impacts include:

- An 8.8 percent decrease in sales tax revenue for the combined nine Bay Area counties for fiscal 2009. Region-wide sales tax revenue decreased in fiscal 2009 for the first time since fiscal 2004. Sales tax revenue for fiscal 2010 is projected to be lower than fiscal year 2009.
- The State Transit Assistance program is suspended until fiscal 2014.
- Continued volatility in the liquidity, financial and real estate markets.
- Unemployment in the Bay Area has increased to 10.6 percent as of June 2009.
- The condition of the State budget will prolong tough economic conditions in the Bay Area due to decreased state spending.
- Construction projects in the Bay Area supported by federal stimulus funds should begin to ramp up the latter part of fiscal 2010.

#### **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

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2009 and 2008**  
**Management's Discussion and Analysis (unaudited) continued**

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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, 2009

|  | Primary Government    |                           |                           | Component Unit         |
|--|-----------------------|---------------------------|---------------------------|------------------------|
|  | Governmental          | Business-Type             | Total                     | Bay Area               |
|  | Activities            | Activities                |                           | Infrastructure         |
|  |                       |                           |                           | Financing Authority    |
| <b>Assets and deferred outflows</b>              |                       |                           |                           |                        |
| Cash and cash equivalents - unrestricted         | \$ 157,869,248        | \$ 1,278,680,265          | \$ 1,436,549,513          | \$ -                   |
| Cash and cash equivalents - restricted           | 33,474,213            | 170,425,911               | 203,900,124               | 145,790,186            |
| Investments - unrestricted                       | 71,189,603            | 304,158,733               | 375,348,336               | 7,389,302              |
| Investments - restricted                         | 37,479,064            | 356,914,890               | 394,393,954               | -                      |
| Receivables:                                     |                       |                           |                           |                        |
| Accounts and tolls due                           | 3,222,663             | 2,651,583                 | 5,874,246                 | -                      |
| Due from Bay Area Toll Authority                 | -                     | -                         | -                         | 645,066,041            |
| Interest   | 480,507               | 3,783,895                 | 4,264,402                 | 201,910                |
| State/ Caltrans funding                          | 22,568,658            | 5,079,760                 | 27,648,418                | -                      |
| Federal funding                                  | 21,801,933            | 128,131                   | 21,930,064                | -                      |
| Prepaid items                                    | 593,062               | 659,561                   | 1,252,623                 | -                      |
| Bond issuance costs                              | -                     | 51,150,241                | 51,150,241                | 9,141,996              |
| Loan to other agency                             | 37,000,000            | -                         | 37,000,000                | -                      |
| OPEB Prefunding                                  | 7,384,385             | -                         | 7,384,385                 | -                      |
| Deferred outflows on derivative instruments      | -                     | 334,053,518               | 334,053,518               | -                      |
| Capital assets (net of accumulated depreciation) | 8,442,776             | 12,779,093                | 21,221,869                | -                      |
| <b>Total assets and deferred outflows</b>        | <b>401,506,112</b>    | <b>2,520,465,581</b>      | <b>2,921,971,693</b>      | <b>807,589,435</b>     |
| <b>Liabilities</b>                               |                       |                           |                           |                        |
| Accounts payable & accrued liabilities           | 51,126,618            | 51,063,283                | 102,189,901               | -                      |
| Accrued interest payable                         | -                     | 29,040,711                | 29,040,711                | 16,157,583             |
| Unearned revenue                                 | -                     | 40,365,033                | 40,365,033                | -                      |
| Due to Caltrans                                  | -                     | 84,437,837                | 84,437,837                | -                      |
| Noncurrent liabilities:                          |                       |                           |                           |                        |
| Long term debt                                   |                       |                           |                           |                        |
| Due within one year                              | -                     | 42,530,000                | 42,530,000                | 8,720,000              |
| Due in more than one year                        | -                     | 4,250,198,871             | 4,250,198,871             | 823,109,258            |
| Due to/ (from) other funds                       |                       |                           |                           |                        |
| Due within one year                              | 10,483,185            | (10,483,185)              | -                         | -                      |
| Due in more than one year                        | 29,000,000            | (29,000,000)              | -                         | -                      |
| Due to BAIFA                                     |                       |                           |                           |                        |
| Due within one year                              | -                     | 99,024,420                | 99,024,420                | -                      |
| Due in more than one year                        | -                     | 546,041,621               | 546,041,621               | -                      |
| Other noncurrent liabilities                     |                       |                           |                           |                        |
| Due within one year                              | 1,491,968             | -                         | 1,491,968                 | -                      |
| Due in more than one year                        | 1,679,213             | 415,001,535               | 416,680,748               | -                      |
| <b>Total liabilities</b>                         | <b>93,780,984</b>     | <b>5,518,220,126</b>      | <b>5,612,001,110</b>      | <b>847,986,841</b>     |
| <b>Net Assets / (Deficit)</b>                    |                       |                           |                           |                        |
| Invested in capital assets, net of related debt  | 8,392,231             | 12,779,093                | 21,171,324                | -                      |
| Restricted for:                                  |                       |                           |                           |                        |
| Capital projects                                 | 276,683,298           | -                         | 276,683,298               | -                      |
| RM 2 program reserve                             | -                     | 93,873,317                | 93,873,317                | -                      |
| Debt covenant reserve                            | -                     | 150,000,000               | 150,000,000               | -                      |
| Extraordinary loss reserve                       | -                     | 50,000,000                | 50,000,000                | -                      |
| Long-term loan/interest receivable               | 37,000,000            | -                         | 37,000,000                | -                      |
| OPEB Prefund                                     | 7,384,385             | -                         | 7,384,385                 | -                      |
| STA Reserve                                      | 5,086,117             | -                         | 5,086,117                 | -                      |
| Other purposes                                   | 3,089,763             | -                         | 3,089,763                 | -                      |
| Unrestricted                                     | (29,910,666)          | (3,304,406,955)           | (3,334,317,621)           | (40,397,406)           |
| <b>Total net assets / (deficit)</b>              | <b>\$ 307,725,128</b> | <b>\$ (2,997,754,545)</b> | <b>\$ (2,690,029,417)</b> | <b>\$ (40,397,406)</b> |

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



**Metropolitan Transportation Commission**  
**Statement of Net Assets**  
**June 30, 2008**

|  | Primary Government    |                           |                           | Component Unit                        |
|--|-----------------------|---------------------------|---------------------------|---------------------------------------|
|  | Governmental          | Business-Type             | Total                     | Bay Area                              |
|  | Activities            | Activities                |                           | Infrastructure<br>Financing Authority |
| <b>Assets and deferred outflows</b>              |                       |                           |                           |                                       |
| Cash and cash equivalents - unrestricted         | \$ 146,684,310        | \$ 1,398,957,426          | \$ 1,545,641,736          | \$ -                                  |
| Cash and cash equivalents - restricted           | 710,665               | 894,850,999               | 895,561,664               | 222,949,723                           |
| Investments - unrestricted                       | 79,128,260            | 324,652,881               | 403,781,141               | -                                     |
| Investments - restricted                         | 46,664,674            | 283,421,023               | 330,085,697               | -                                     |
| Receivables:                                     |                       |                           |                           |                                       |
| Accounts and tolls due                           | 143,983               | 2,355,089                 | 2,499,072                 | -                                     |
| Due from Bay Area Toll Authority                 | -                     | -                         | -                         | 688,090,461                           |
| Interest   | 1,440,410             | 6,347,811                 | 7,788,221                 | 207,837                               |
| State/ Caltrans funding                          | 46,283,945            | 3,928,637                 | 50,212,582                | -                                     |
| Federal funding                                  | 33,093,681            | 280,346                   | 33,374,027                | -                                     |
| Prepaid items                                    | 407,520               | 533,736                   | 941,256                   | 3,750                                 |
| Bond issuance costs                              | -                     | 51,161,294                | 51,161,294                | 10,272,865                            |
| Loan to other agency                             | 42,000,000            | -                         | 42,000,000                | -                                     |
| Deferred outflows on derivative instruments      | -                     | 158,599,966               | 158,599,966               | -                                     |
| OPEB Prefunding                                  | 7,731,865             | -                         | 7,731,865                 | -                                     |
| Capital assets (net of accumulated depreciation) | 8,855,077             | 8,205,986                 | 17,061,063                | -                                     |
| <b>Total assets and deferred outflows</b>        | <b>413,144,390</b>    | <b>3,133,295,194</b>      | <b>3,546,439,584</b>      | <b>921,524,636</b>                    |
| <b>Liabilities</b>                               |                       |                           |                           |                                       |
| Accounts payable & accrued liabilities           | 52,188,195            | 49,429,828                | 101,618,023               | -                                     |
| Accrued interest payable                         | -                     | 29,146,008                | 29,146,008                | 17,423,750                            |
| Unearned revenue                                 | -                     | 37,431,091                | 37,431,091                | -                                     |
| Due to Caltrans                                  | -                     | 77,086,143                | 77,086,143                | -                                     |
| Noncurrent liabilities:                          |                       |                           |                           |                                       |
| Long term debt                                   |                       |                           |                           |                                       |
| Due within one year                              | -                     | 43,965,000                | 43,965,000                | 69,770,000                            |
| Due in more than one year                        | -                     | 4,293,890,298             | 4,293,890,298             | 843,059,269                           |
| Due to/ (from) other funds                       |                       |                           |                           |                                       |
| Due within one year                              | 8,005,250             | (8,005,250)               | -                         | -                                     |
| Due in more than one year                        | 37,000,000            | (37,000,000)              | -                         | -                                     |
| Due to BAIFA                                     |                       |                           |                           |                                       |
| Due within one year                              | -                     | 43,000,000                | 43,000,000                | -                                     |
| Due in more than one year                        | -                     | 645,090,461               | 645,090,461               | -                                     |
| Other noncurrent liabilities                     |                       |                           |                           |                                       |
| Due within one year                              | 1,363,748             | -                         | 1,363,748                 | -                                     |
| Due in more than one year                        | 1,668,279             | 162,117,440               | 163,785,719               | -                                     |
| <b>Total liabilities</b>                         | <b>100,225,472</b>    | <b>5,336,151,019</b>      | <b>5,436,376,491</b>      | <b>930,253,019</b>                    |
| <b>Net Assets/ (Deficit)</b>                     |                       |                           |                           |                                       |
| Invested in capital assets, net of related debt  | 8,768,236             | 8,205,986                 | 16,974,222                | -                                     |
| Restricted for:                                  |                       |                           |                           |                                       |
| Capital projects                                 | 281,697,032           | -                         | 281,697,032               | -                                     |
| RM 2 program reserve                             | -                     | 138,457,885               | 138,457,885               | -                                     |
| Debt covenant reserve                            | -                     | 150,000,000               | 150,000,000               | -                                     |
| Extraordinary loss reserve                       | -                     | 50,000,000                | 50,000,000                | -                                     |
| Long-term loan/interest receivable               | 42,000,000            | -                         | 42,000,000                | -                                     |
| OPEB Prefund                                     | 7,731,865             | -                         | 7,731,865                 | -                                     |
| STA Reserve                                      | 4,175,455             | -                         | 4,175,455                 | -                                     |
| Other purposes                                   | 1,815,325             | -                         | 1,815,325                 | -                                     |
| Unrestricted                                     | (33,268,995)          | (2,549,519,696)           | (2,582,788,691)           | (8,728,383)                           |
| <b>Total net assets / (deficit)</b>              | <b>\$ 312,918,918</b> | <b>\$ (2,202,855,825)</b> | <b>\$ (1,889,936,907)</b> | <b>\$ (8,728,383)</b>                 |

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

**Metropolitan Transportation Commission**  
**Statement of Activities**  
**For the Year Ended June 30, 2009**

|  | Expenses         |                | Program 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                       | Primary Government         |                             | Component Unit  |
|  |                  |                |                         |  |  |  | Governmental<br>Activities | Business-Type<br>Activities | Total           |
| <b>Functions</b>                         |                  |                |                         |  |  |  |                            |                             |                 |
| <i>Governmental Activities:</i>          |                  |                |                         |  |  |  |                            |                             |                 |
| General government                       | \$ 86,671,886    | \$ -           | \$ 85,047,714           | \$ -                                     | 85,047,714                             | \$ (1,624,172)                                     | \$ -                       | \$ (1,624,172)              | \$ -            |
| Transportation                           | 99,153,429       | -              | 61,795,988              | -  | 61,795,988                             | (37,357,441)                                       | -                          | (37,357,441)                | -               |
| Total governmental activities            | 185,825,315      | -              | 146,843,702             | -  | 146,843,702                            | (38,981,613)                                       | -                          | (38,981,613)                | -               |
| <i>Business-type Activities:</i>         |                  |                |                         |  |  |  |                            |                             |                 |
| Toll bridge activities                   | 1,299,135,147    | 486,964,565    | 46,243,663              | -  | 533,208,228                            | -  | (765,926,919)              | (765,926,919)               | -               |
| Congestion relief                        | 14,363,137       | 5,998,475      | 7,246,653               | -  | 13,245,128                             | -  | (1,118,009)                | (1,118,009)                 | -               |
| Total business-type activities           | 1,313,498,284    | 492,963,040    | 53,490,316              | -  | 546,453,356                            | -  | (767,044,928)              | (767,044,928)               | -               |
| Total primary government                 | \$ 1,499,323,599 | \$ 492,963,040 | \$ 200,334,018          | \$ -                                     | \$ 693,297,058                         | \$ (38,981,613)                                    | \$ (767,044,928)           | \$ (806,026,541)            | \$ -            |
| <i>Component Unit</i>                    |                  |                |                         |  |  |  |                            |                             |                 |
| BAIFA                                    | \$ 35,210,049    | \$ -           | \$ 3,541,026            | \$ -                                     | \$ 3,541,026                           |  |                            |                             | \$ (31,669,023) |
| General revenues:                        |                  |                |                         |  |  |  |                            |                             |                 |
| Restricted investment earnings           |                  |                |                         |  |  | 783,516  | -                          | 783,516                     | -               |
| Unrestricted investment earnings         |                  |                |                         |  |  | 5,001,515  | 149,000                    | 5,150,515                   | -               |
| Transfers                                |                  |                |                         |  |  | 28,002,792   | (28,002,792)               | -                           | -               |
| Total general revenues and transfers     |                  |                |                         |  |  | 33,787,823   | (27,853,792)               | 5,934,031                   | -               |
| <b>Change in net assets</b>              |                  |                |                         |  |  | (5,193,790)  | (794,898,720)              | (800,092,510)               | (31,669,023)    |
| <b>Net assets/ (deficit) - beginning</b> |                  |                |                         |  |  | 312,918,918  | (2,202,855,825)            | (1,889,936,907)             | (8,728,383)     |
| <b>Net assets/ (deficit) - ending</b>    |                  |                |                         |  |  | \$ 307,725,128                                     | \$ (2,997,754,545)         | \$ (2,690,029,417)          | \$ (40,397,406) |

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

**Metropolitan Transportation Commission**  
**Statement of Activities**  
**For the Year Ended June 30, 2008**

|   | Expenses         |                | Program 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                       | Primary Government         |                             | Component Unit  |  |
|   |                  |                |                         |  |  |  | Governmental<br>Activities | Business-Type<br>Activities | Total           | Bay Area<br>Infrastructure<br>Financing Auth |
| <b>Functions</b>                          |                  |                |                         |  |  |  |                            |                             |                 |  |
| <i>Governmental Activities:</i>           |                  |                |                         |  |  |  |                            |                             |                 |  |
| General government                        | \$ 85,202,758    | \$ -           | \$ 89,789,175           | \$ -                                     | \$ 89,789,175                          | \$ 4,586,417                                       | \$ -                       | \$ 4,586,417                | \$ -            |  |
| Transportation                            | 152,998,857      | -              | 117,706,667             | 9,858,000                                | 127,564,667                            | (25,434,190)                                       | -                          | (25,434,190)                | -               |  |
| Total governmental activities             | 238,201,615      | -              | 207,495,842             | 9,858,000                                | 217,353,842                            | (20,847,773)                                       | -                          | (20,847,773)                | -               |  |
| <i>Business-type Activities:</i>          |                  |                |                         |  |  |  |                            |                             |                 |  |
| Toll bridge activities                    | 1,234,968,178    | 491,685,881    | 102,832,315             | -  | 594,518,196                            | -  | (640,449,982)              | (640,449,982)               | -               |  |
| Congestion relief                         | 13,675,326       | 6,026,423      | 7,540,099               | -  | 13,566,522                             | -  | (108,804)                  | (108,804)                   | -               |  |
| Total business-type activities            | 1,248,643,504    | 497,712,304    | 110,372,414             | -  | 608,084,718                            | -  | (640,558,786)              | (640,558,786)               | -               |  |
| Total primary government                  | \$ 1,486,845,119 | \$ 497,712,304 | \$ 317,868,256          | \$ 9,858,000                             | \$ 825,438,560                         | \$ (20,847,773)                                    | \$ (640,558,786)           | \$ (661,406,559)            | \$ -            |  |
| <i>Component Unit</i>                     |                  |                |                         |  |  |  |                            |                             |                 |  |
| BAIFA                                     | \$ 38,473,976    | \$ -           | \$ 17,757,697           | \$ -                                     | \$ 17,757,697                          |  |                            |                             | \$ (20,716,279) |  |
| General revenues:                         |                  |                |                         |  |  |  |                            |                             |                 |  |
| Restricted investment earnings            |                  |                |                         |  |  | 1,454,256  | -                          | 1,454,256                   | -               |  |
| Unrestricted investment earnings          |                  |                |                         |  |  | 9,936,121  | 116,704,140                | 126,640,261                 | -               |  |
| Transfers                                 |                  |                |                         |  |  | 28,922,337   | (28,922,337)               | -                           | -               |  |
| Total general revenues and transfers      |                  |                |                         |  |  | 40,312,714   | 87,781,803                 | 128,094,517                 | -               |  |
| <b>Change in net assets</b>               |                  |                |                         |  |  | 19,464,941   | (552,776,983)              | (533,312,042)               | (20,716,279)    |  |
| <b>Net assets / (deficit) - beginning</b> |                  |                |                         |  |  | 293,453,977  | (1,650,078,842)            | (1,356,624,865)             | 11,987,896      |  |
| <b>Net assets / (deficit) - ending</b>    |                  |                |                         |  |  | \$ 312,918,918                                     | \$ (2,202,855,825)         | \$ (1,889,936,907)          | \$ (8,728,383)  |  |

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

**Metropolitan Transportation Commission**  
**Balance Sheet – Governmental Funds**  
**June 30, 2009**

|   | <u>General</u>       | AB 664 Net<br>Toll Revenue<br><u>Reserve</u> | <u>STA</u>           | <u>Capital<br/>Projects</u> | Nonmajor<br>Governmental<br><u>Funds</u> | Total<br>Governmental<br><u>Funds</u> |
|---|----------------------|--|----------------------|-----------------------------|--|---------------------------------------|
| <b>Assets</b>                             |                      |  |                      |                             |  |                                       |
| Cash and cash equivalents - unrestricted  | \$ 16,263,181        | \$ 21,202,758                                | \$ 60,625,710        | \$ 899,681                  | \$ 58,877,918                            | \$ 157,869,248                        |
| Cash and cash equivalents - restricted    | -                    | -  | -                    | -                           | 33,474,213                               | 33,474,213                            |
| Investments - unrestricted                | 211,505              | 18,081,582                                   | -                    | -                           | 52,896,516                               | 71,189,603                            |
| Investments - restricted                  | -                    | -  | -                    | -                           | 37,479,064                               | 37,479,064                            |
| Receivables:                              |                      |  |                      |                             |  |                                       |
| Accounts                                  | 240,577              | -  | 2,149,409            | -                           | 832,677                                  | 3,222,663                             |
| Interest                                  | 793                  | 17,820                                       | 325,000              | -                           | 136,894                                  | 480,507                               |
| State/Caltrans funding                    | 3,279,083            | -  | 19,242,333           | 47,242                      | -  | 22,568,658                            |
| Federal funding                           | 13,166,457           | -  | -                    | 8,635,476                   | -  | 21,801,933                            |
| Due from other funds                      | 6,939,514            | -  | -                    | 1,756,466                   | 210,076                                  | 8,906,056                             |
| Prepaid items                             | 593,062              | -  | -                    | -                           | -  | 593,062                               |
| Total assets                              | <u>40,694,172</u>    | <u>39,302,160</u>                            | <u>82,342,452</u>    | <u>11,338,865</u>           | <u>183,907,358</u>                       | <u>357,585,007</u>                    |
| <b>Liabilities and fund balances</b>      |                      |  |                      |                             |  |                                       |
| <b>Liabilities</b>                        |                      |  |                      |                             |  |                                       |
| Accounts payable and accrued expenditures | 17,369,779           | 5,311,554                                    | 23,319,116           | 4,101,532                   | 1,024,637                                | 51,126,618                            |
| Due to other funds                        | 3,599,261            | 99,751                                       | 1,347,040            | 5,495,453                   | 847,736                                  | 11,389,241                            |
| Total liabilities                         | <u>20,969,040</u>    | <u>5,411,305</u>                             | <u>24,666,156</u>    | <u>9,596,985</u>            | <u>1,872,373</u>                         | <u>62,515,859</u>                     |
| <b>Fund balances</b>                      |                      |  |                      |                             |  |                                       |
| <b>Nonspendable:</b>                      |                      |  |                      |                             |  |                                       |
| Prepaid items                             | 593,062              | -  | -                    | -                           | -  | 593,062                               |
| <b>Restricted for:</b>                    |                      |  |                      |                             |  |                                       |
| Transportation projects                   | 5,086,117            | 33,890,855                                   | 57,676,296           | 1,229,130                   | 9,969,239                                | 107,851,637                           |
| Rail projects                             | -                    | -  | -                    | -                           | 166,028,389                              | 166,028,389                           |
| <b>Committed to:</b>                      |                      |  |                      |                             |  |                                       |
| Benefits reserve                          | 1,223,564            | -  | -                    | -                           | -  | 1,223,564                             |
| Building reserve                          | -                    | -  | -                    | 499,769                     | -  | 499,769                               |
| Liability reserve                         | 773,368              | -  | -                    | -                           | -  | 773,368                               |
| Transportation projects                   | 1,839,051            | -  | -                    | 12,981                      | 6,037,357                                | 7,889,389                             |
| <b>Unassigned:</b>                        |                      |  |                      |                             |  |                                       |
| Unassigned                                | 10,209,970           | -  | -                    | -                           | -  | 10,209,970                            |
| Total fund balances                       | <u>19,725,132</u>    | <u>33,890,855</u>                            | <u>57,676,296</u>    | <u>1,741,880</u>            | <u>182,034,985</u>                       | <u>295,069,148</u>                    |
| Total liabilities and fund balances       | <u>\$ 40,694,172</u> | <u>\$ 39,302,160</u>                         | <u>\$ 82,342,452</u> | <u>\$ 11,338,865</u>        | <u>\$ 183,907,358</u>                    |                                       |

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 | 8,442,776             |
| Other Post Employment Benefit (OPEB) Prefund Asset   | 7,384,385             |
| Capital leases are not due and payable in the current period and therefore are not reported in the funds                 | (50,545)              |
| Compensated absences are not due and payable in the current period and therefore are not reported in the funds           | (3,120,636)           |
| Other long-term assets are not available for current-period expenditures and, therefore, are deferred in the funds       | 37,000,000            |
| Other long-term liabilities are not available for current-period expenditures and, therefore, are deferred in the funds  | (37,000,000)          |
| Net assets of governmental activities  | <u>\$ 307,725,128</u> |

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

**Metropolitan Transportation Commission**  
**Balance Sheet – Governmental Funds**  
**June 30, 2008**

|   | General              | AB 664 Net<br>Toll Revenue<br>Reserve | STA                   | Capital<br>Projects  | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|---------------------------------------|-----------------------|----------------------|-----------------------------------|--------------------------------|
| <b>Assets</b>                             |                      |                                       |                       |                      |                                   |                                |
| Cash and cash equivalents - unrestricted  | \$ 13,513,068        | \$ 17,505,808                         | \$ 75,875,918         | \$ -                 | \$ 39,789,516                     | \$ 146,684,310                 |
| Cash and cash equivalents - restricted    | 149,990              | -                                     | -                     | -                    | 560,675                           | 710,665                        |
| Investments - unrestricted                | 205,862              | 25,318,171                            | -                     | -                    | 53,604,227                        | 79,128,260                     |
| Investments - restricted                  | -                    | -                                     | -                     | -                    | 46,664,674                        | 46,664,674                     |
| Receivables:                              |                      |                                       |                       |                      |                                   |                                |
| Accounts                                  | 13,999               | -                                     | -                     | 999,464              | -                                 | 1,013,463                      |
| Interest                                  | 1,587                | 78,160                                | 750,000               | -                    | 610,663                           | 1,440,410                      |
| State/Caltrans funding                    | 3,401,966            | -                                     | 42,824,841            | 57,138               | -                                 | 46,283,945                     |
| Federal funding                           | 23,335,418           | -                                     | -                     | 8,888,782            | -                                 | 32,224,200                     |
| Due from other funds                      | 3,553,759            | -                                     | 3,943,000             | 1,431,550            | -                                 | 8,928,309                      |
| Prepaid items                             | 407,520              | -                                     | -                     | -                    | -                                 | 407,520                        |
| Total assets                              | <u>\$ 44,583,169</u> | <u>\$ 42,902,139</u>                  | <u>\$ 123,393,759</u> | <u>\$ 11,376,934</u> | <u>\$ 141,229,755</u>             | <u>\$ 363,485,756</u>          |
| <b>Liabilities and fund balances</b>      |                      |                                       |                       |                      |                                   |                                |
| <b>Liabilities</b>                        |                      |                                       |                       |                      |                                   |                                |
| Accounts payable and accrued expenditures | \$ 17,923,963        | \$ 5,862,879                          | \$ 19,801,280         | \$ 7,490,920         | \$ 1,109,153                      | \$ 52,188,195                  |
| Due to other funds                        | 7,397,699            | 286,258                               | 1,023,278             | 2,369,469            | 856,855                           | 11,933,559                     |
| Total liabilities                         | <u>25,321,662</u>    | <u>6,149,137</u>                      | <u>20,824,558</u>     | <u>9,860,389</u>     | <u>1,966,008</u>                  | <u>64,121,754</u>              |
| <b>Fund balances</b>                      |                      |                                       |                       |                      |                                   |                                |
| <b>Nonspendable:</b>                      |                      |                                       |                       |                      |                                   |                                |
| Prepaid items                             | 407,520              | -                                     | -                     | -                    | -                                 | 407,520                        |
| <b>Restricted for:</b>                    |                      |                                       |                       |                      |                                   |                                |
| Transportation projects                   | 4,175,455            | 36,753,002                            | 102,569,201           | 820,479              | 426,994                           | 144,745,131                    |
| Rail projects                             | -                    | -                                     | -                     | -                    | 132,160,398                       | 132,160,398                    |
| <b>Committed to:</b>                      |                      |                                       |                       |                      |                                   |                                |
| Benefits reserve                          | 2,202                | -                                     | -                     | -                    | -                                 | 2,202                          |
| Building reserve                          | -                    | -                                     | -                     | 659,151              | -                                 | 659,151                        |
| Liability reserve                         | 746,451              | -                                     | -                     | -                    | -                                 | 746,451                        |
| Transportation projects                   | 2,253,688            | -                                     | -                     | 36,915               | 6,676,355                         | 8,966,958                      |
| <b>Unassigned:</b>                        |                      |                                       |                       |                      |                                   |                                |
| Unassigned                                | 11,676,191           | -                                     | -                     | -                    | -                                 | 11,676,191                     |
| Total fund balances                       | <u>19,261,507</u>    | <u>36,753,002</u>                     | <u>102,569,201</u>    | <u>1,516,545</u>     | <u>139,263,747</u>                | <u>299,364,002</u>             |
| Total liabilities and fund balances       | <u>\$ 44,583,169</u> | <u>\$ 42,902,139</u>                  | <u>\$ 123,393,759</u> | <u>\$ 11,376,934</u> | <u>\$ 141,229,755</u>             |                                |

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 | 8,855,077             |
| Other Post Employment Benefit (OPEB) Prefund Asset   | 7,731,865             |
| Capital leases are not due and payable in the current period and therefore are not reported in the funds                 | (86,841)              |
| Compensated absences are not due and payable in the current period and therefore are not reported in the funds           | (2,945,185)           |
| Other long-term assets are not available for current-period expenditures and, therefore, are deferred in the funds       | 42,000,000            |
| Other long-term liabilities are not available for current-period expenditures and, therefore, are deferred in the funds  | (42,000,000)          |
| Net assets of governmental activities  | <u>\$ 312,918,918</u> |

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, 2009**

|   | <u>General</u>       | <u>AB 664 Net<br/>Toll Revenue<br/>Reserve</u> | <u>STA</u>           | <u>Capital<br/>Projects</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|----------------------|--|----------------------|-----------------------------|--|---|
| <b>Revenues</b>   |                      |  |                      |                             |  |   |
| Sales taxes   | \$ 9,678,324         | \$ -   | \$ -                 | \$ 169,489                  | \$ -                                       | \$ 9,847,813                            |
| Grants - Federal  | 31,541,171           | -  | -                    | 9,884,801                   | -  | 41,425,972                              |
| Grants - State  | 2,658,926            | -  | 56,142,205           | -                           | 2,994,857                                  | 61,795,988                              |
| Local agencies revenues and refunds                           | 3,423,340            | -  | 343,055              | -                           | 30,007,534                                 | 33,773,929                              |
| Investment income - unrestricted                              | 157,624              | 622,863  | 1,452,171            | 532                         | 2,768,325                                  | 5,001,515                               |
| Investment income - restricted                                | -                    | -  | -                    | -                           | 783,516                                    | 783,516                                 |
| <b>Total revenues</b>   | <b>47,459,385</b>    | <b>622,863</b>                                 | <b>57,937,431</b>    | <b>10,054,822</b>           | <b>36,554,232</b>                          | <b>152,628,733</b>                      |
| <b>Expenditures</b>   |                      |  |                      |                             |  |   |
| Current:  |                      |  |                      |                             |  |   |
| General government  | 57,672,098           | 4,005  | -                    | 203,306                     | 6,478,379                                  | 64,357,788                              |
| Allocations to other agencies                                 | 7,873,335            | 14,362,740                                     | 80,325,647           | -                           | 4,465,042                                  | 107,026,764                             |
| Capital outlay  | 186,931              | -  | -                    | 13,354,897                  | -  | 13,541,828                              |
| <b>Total expenditures</b>                                     | <b>65,732,364</b>    | <b>14,366,745</b>                              | <b>80,325,647</b>    | <b>13,558,203</b>           | <b>10,943,421</b>                          | <b>184,926,380</b>                      |
| Excess / (deficiency) of revenues over / (under) expenditures | (18,272,979)         | (13,743,882)                                   | (22,388,216)         | (3,503,381)                 | 25,610,811                                 | (32,297,647)                            |
| <b>Other financing sources / uses</b>                         |                      |  |                      |                             |  |   |
| Transfers in  | 20,783,977           | 10,881,735                                     | 2,047,373            | 4,194,993                   | 19,775,204                                 | 57,683,282                              |
| Transfers out   | (2,047,373)          | -  | (24,552,062)         | (466,278)                   | (2,614,777)                                | (29,680,490)                            |
| <b>Total other financing sources and uses</b>                 | <b>18,736,604</b>    | <b>10,881,735</b>                              | <b>(22,504,689)</b>  | <b>3,728,715</b>            | <b>17,160,427</b>                          | <b>28,002,792</b>                       |
| <b>Net change in fund balances</b>                            | <b>463,625</b>       | <b>(2,862,147)</b>                             | <b>(44,892,905)</b>  | <b>225,334</b>              | <b>42,771,238</b>                          | <b>(4,294,855)</b>                      |
| <b>Fund balances - beginning</b>                              | <b>19,261,507</b>    | <b>36,753,002</b>                              | <b>102,569,201</b>   | <b>1,516,546</b>            | <b>139,263,747</b>                         | <b>299,364,003</b>                      |
| <b>Fund balances - ending</b>                                 | <b>\$ 19,725,132</b> | <b>\$ 33,890,855</b>                           | <b>\$ 57,676,296</b> | <b>\$ 1,741,880</b>         | <b>\$ 182,034,985</b>                      | <b>\$ 295,069,148</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, 2008**

|   | <u>General</u> | AB 664 Net<br>Toll Revenue<br><u>Reserve</u> | <u>STA</u>     | Capital<br><u>Projects</u> | Nonmajor<br>Governmental<br><u>Funds</u> | Total<br>Governmental<br><u>Funds</u> |
|---|----------------|--|----------------|----------------------------|--|---------------------------------------|
| <b>Revenues</b>   |                |  |                |                            |  |                                       |
| Sales taxes   | \$ 10,276,412  | \$ -   | \$ -           | \$ 523,006                 | \$ -                                     | \$ 10,799,418                         |
| Grants - Federal  | 38,555,203     | -  | -              | 12,172,171                 | -  | 50,727,374                            |
| Grants - State  | 893,463        | -  | 123,706,000    | -                          | 2,965,204                                | 127,564,667                           |
| Local agencies revenues and refunds                           | 4,097,121      | -  | 223,261        | 761,001                    | 28,181,000                               | 33,262,383                            |
| Investment income - unrestricted                              | 790,306        | 1,912,883                                    | 4,155,551      | -                          | 4,487,382                                | 11,346,122                            |
| Investment income - restricted                                | -              | -  | -              | -                          | 1,454,256                                | 1,454,256                             |
| Total revenues  | 54,612,505     | 1,912,883                                    | 128,084,812    | 13,456,178                 | 37,087,842                               | 235,154,220                           |
| <b>Expenditures</b>   |                |  |                |                            |  |                                       |
| Current:  |                |  |                |                            |  |                                       |
| General government  | 66,056,858     | 4,338  | -              | 968,062                    | 7,123,887                                | 74,153,145                            |
| Allocations to other agencies                                 | 10,425,579     | 14,823,889                                   | 134,022,012    | -                          | 4,152,955                                | 163,424,435                           |
| Capital outlay  | 82,517         | -  | -              | 15,661,122                 | -  | 15,743,639                            |
| Total expenditures  | 76,564,954     | 14,828,227                                   | 134,022,012    | 16,629,184                 | 11,276,842                               | 253,321,219                           |
| Excess / (deficiency) of revenues over / (under) expenditures | (21,952,449)   | (12,915,344)                                 | (5,937,200)    | (3,173,006)                | 25,811,000                               | (18,166,999)                          |
| <b>Other financing sources / uses</b>                         |                |  |                |                            |  |                                       |
| Other financing source  | -              | -  | -              | -                          | 47,000,000                               | 47,000,000                            |
| Transfers in  | 20,418,598     | 11,083,741                                   | 3,943,000      | 4,475,804                  | 9,857,581                                | 49,778,724                            |
| Transfers out   | (6,023,477)    | (21,000)                                     | (13,732,628)   | -                          | (1,079,283)                              | (20,856,388)                          |
| Total other financing sources and uses                        | 14,395,121     | 11,062,741                                   | (9,789,628)    | 4,475,804                  | 55,778,298                               | 75,922,336                            |
| <b>Net change in fund balances</b>                            | (7,557,328)    | (1,852,603)                                  | (15,726,828)   | 1,302,798                  | 81,589,298                               | 57,755,337                            |
| <b>Fund balances - beginning</b>                              | 26,818,835     | 38,605,605                                   | 118,296,029    | 213,748                    | 57,674,449                               | 241,608,666                           |
| <b>Fund balances - ending</b>                                 | \$ 19,261,507  | \$ 36,753,002                                | \$ 102,569,201 | \$ 1,516,546               | \$ 139,263,747                           | \$ 299,364,003                        |

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, 2009 and 2008**

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|   | 2009                  | 2008                 |
|---|-----------------------|----------------------|
| <b>Net change in fund balances - total governmental funds (per Statement of Revenues, Expenditures and Changes in Fund Balances)</b>  | \$ (4,294,855)        | \$ 57,755,337        |
| 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 exceeds (does not exceed) non capital lease capital outlays in the current period. | (412,301)             | 2,721,598            |
| Interest Income on Long Term Loan Receivable not recognized in fiscal year 2008 for governmental fund financial statements  | -                     | (1,410,000)          |
| Repayment of the principal of the long-term receivable from BART is not recorded as a long term asset in the governmental funds for fiscal 2009. Loan advances (repayments received) to/from the agency were recorded as expense (income) in the governmental fund but were capitalized as a long-term asset in the statement of net assets.              | (5,000,000)           | (5,000,000)          |
| Intra-entitiy transfer from BATA to MTC in fiscal year 2008   | -                     | (47,000,000)         |
| Repayment of Intra-entity loan between MTC and BATA in fiscal year 2009   | 5,000,000             | 5,000,000            |
| 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.   | 36,296                | 31,628               |
| Some items do not require the use of current financial resources and, therefore, are not reported in governmental funds:  |                       |                      |
| Other Post Employment Benefits prefunding   | (347,480)             | 7,731,865            |
| Compensated absences  | (175,450)             | (365,487)            |
| <b>Change in net assets of governmental activities (per Statement of Activities)</b>  | <u>\$ (5,193,790)</u> | <u>\$ 19,464,941</u> |

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



**Metropolitan Transportation Commission**  
**Statement of Net Assets – Proprietary Funds**  
**June 30, 2009**

|  | Business-Type Activities - Enterprise Funds |  |                          |
|--|---|--|--------------------------|
|  | Bay Area<br>Toll Authority                  | Service Authority<br>for Freeways and<br>Expressways | Total                    |
| <b>Assets and deferred outflows</b>                          |   |  |                          |
| Current assets:  |   |  |                          |
| Cash and cash equivalents - unrestricted                     | \$ 1,267,424,760                            | \$ 11,255,505  | \$ 1,278,680,265         |
| Cash and cash equivalents - restricted                       | 53,702,557                                  | -  | 53,702,557               |
| Short-term investments - unrestricted                        | 187,054,378                                 | 104,355  | 187,158,733              |
| Short-term investments - restricted                          | -   | -  | -                        |
| Due from MTC   | 8,000,000                                   | 3,014,612  | 11,014,612               |
| Accounts receivable  | 2,030,575                                   | 5,000  | 2,035,575                |
| Accrued interest   | 3,782,756                                   | 1,139  | 3,783,895                |
| Prepaid expenses   | 581,881                                     | 77,680   | 659,561                  |
| State/Caltrans funding                                       | 1,354,747                                   | 3,725,013  | 5,079,760                |
| Funding due from local agency                                | 616,008                                     | -  | 616,008                  |
| Funding due from federal agency                              | -   | 128,131  | 128,131                  |
| Total current assets   | <u>1,524,547,662</u>                        | <u>18,311,435</u>                                    | <u>1,542,859,097</u>     |
| Non-current assets:  |   |  |                          |
| Investments - unrestricted                                   | 117,000,000                                 | -  | 117,000,000              |
| Cash and cash equivalents - restricted                       | 116,723,354                                 | -  | 116,723,354              |
| Investments -restricted                                      | 356,914,890                                 | -  | 356,914,890              |
| Due from MTC   | 29,000,000                                  | -  | 29,000,000               |
| Deferred outflows on derivative instruments                  | 334,053,518                                 | -  | 334,053,518              |
| Bonds issuance costs   | 51,150,241                                  | -  | 51,150,241               |
| Capital assets, net of accumulated depreciation/amortization | 8,311,027                                   | 4,468,066  | 12,779,093               |
| Total non-current assets and deferred outflows               | <u>1,013,153,030</u>                        | <u>4,468,066</u>                                     | <u>1,017,621,096</u>     |
| Total assets and deferred outflows                           | <u>2,537,700,692</u>                        | <u>22,779,501</u>                                    | <u>2,560,480,193</u>     |
| <b>Liabilities</b>   |   |  |                          |
| Current liabilities:   |   |  |                          |
| Accounts payable   | 48,466,639                                  | 1,940,381  | 50,407,020               |
| Accrued interest payable                                     | 29,040,711                                  | -  | 29,040,711               |
| Due to MTC   | 531,427                                     | -  | 531,427                  |
| Unearned revenue   | 40,365,033                                  | -  | 40,365,033               |
| Retentions payable   | 525,884                                     | 130,379  | 656,263                  |
| Long-term debt - current                                     | 42,530,000                                  | -  | 42,530,000               |
| Due to Caltrans  | 84,437,837                                  | -  | 84,437,837               |
| Due to Bay Area Infrastructure Financing Authority           | 99,024,420                                  | -  | 99,024,420               |
| Total current liabilities                                    | <u>344,921,951</u>                          | <u>2,070,760</u>                                     | <u>346,992,711</u>       |
| Non-current liabilities:                                     |   |  |                          |
| Patron deposits  | 3,941,108                                   | -  | 3,941,108                |
| Due to Bay Area Infrastructure Financing Authority           | 546,041,621                                 | -  | 546,041,621              |
| Long-term debt, net  | 4,250,198,871                               | -  | 4,250,198,871            |
| Derivative instruments - fair value                          | 411,060,427                                 | -  | 411,060,427              |
| Total non - current liabilities                              | <u>5,211,242,027</u>                        | <u>-</u>   | <u>5,211,242,027</u>     |
| Total liabilities  | <u>5,556,163,978</u>                        | <u>2,070,760</u>                                     | <u>5,558,234,738</u>     |
| <b>Net assets / (deficit)</b>                                |   |  |                          |
| Invested in capital assets, net of related debt              | 8,311,027                                   | 4,468,066  | 12,779,093               |
| Restricted for:  |   |  |                          |
| RM 2 program reserve   | 93,873,317                                  | -  | 93,873,317               |
| Debt reserve   | 150,000,000                                 | -  | 150,000,000              |
| Extraordinary loss reserve                                   | 50,000,000                                  | -  | 50,000,000               |
| Unrestricted net assets                                      | <u>(3,320,647,630)</u>                      | <u>16,240,675</u>                                    | <u>(3,304,406,955)</u>   |
| Total net assets / (deficit)                                 | <u>\$ (3,018,463,286)</u>                   | <u>\$ 20,708,741</u>                                 | <u>\$(2,997,754,545)</u> |

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

**Metropolitan Transportation Commission**  
**Statement of Net Assets – Proprietary Funds**  
**June 30, 2008**

|  | Business-Type Activities - Enterprise Funds |  |                          |
|--|---|--|--------------------------|
|  | Bay Area<br>Toll Authority                  | Service Authority<br>for Freeways and<br>Expressways | Total                    |
| <b>Assets and deferred outflows</b>                          |   |  |                          |
| Current assets:  |   |  |                          |
| Cash and cash equivalents - unrestricted                     | \$ 1,383,997,166                            | \$ 14,960,260  | \$ 1,398,957,426         |
| Cash and cash equivalents - restricted                       | 691,584,902                                 | -  | 691,584,902              |
| Short-term investments - unrestricted                        | 324,551,310                                 | 101,571  | 324,652,881              |
| Short-term investments - restricted                          | 44,719,500                                  | -  | 44,719,500               |
| Due from MTC   | 5,343,678                                   | 3,454,699  | 8,798,377                |
| Accounts receivable  | 2,071,747                                   | 120  | 2,071,867                |
| Accrued interest   | 6,334,118                                   | 13,693   | 6,347,811                |
| Prepaid expenses   | 476,606                                     | 57,130   | 533,736                  |
| State/Caltrans funding                                       | 1,203,418                                   | 2,725,219  | 3,928,637                |
| Funding due from local agency                                | 283,222                                     | -  | 283,222                  |
| Funding due from federal agency                              | -   | 280,346  | 280,346                  |
| Total current assets   | <u>2,460,565,667</u>                        | <u>21,593,038</u>                                    | <u>2,482,158,705</u>     |
| Non-current assets:  |   |  |                          |
| Cash and cash equivalents - restricted                       | 203,266,097                                 | -  | 203,266,097              |
| Investments - restricted                                     | 238,701,523                                 | -  | 238,701,523              |
| Due from MTC   | 37,000,000                                  | -  | 37,000,000               |
| Deferred outflows on derivative instruments                  | 158,599,966                                 | -  | 158,599,966              |
| Bonds issuance costs   | 51,161,294                                  | -  | 51,161,294               |
| Capital assets, net of accumulated depreciation/amortization | 5,356,199                                   | 2,849,787  | 8,205,986                |
| Total non-current assets and deferred outflows               | <u>694,085,079</u>                          | <u>2,849,787</u>                                     | <u>696,934,866</u>       |
| Total assets and deferred outflows                           | <u>3,154,650,746</u>                        | <u>24,442,825</u>                                    | <u>3,179,093,571</u>     |
| <b>Liabilities</b>   |   |  |                          |
| Current liabilities:   |   |  |                          |
| Accounts payable   | 47,439,469                                  | 1,402,667  | 48,842,136               |
| Accrued interest payable                                     | 29,146,008                                  | -  | 29,146,008               |
| Due to MTC   | 793,127                                     | -  | 793,127                  |
| Unearned revenue   | 37,431,091                                  | -  | 37,431,091               |
| Retentions payable   | 539,103                                     | 48,589   | 587,692                  |
| Long-term debt - current                                     | 43,965,000                                  | -  | 43,965,000               |
| Due to Caltrans  | 77,086,143                                  | -  | 77,086,143               |
| Due to Bay Area Infrastructure Financing Authority           | 43,000,000                                  | -  | 43,000,000               |
| Total current liabilities                                    | <u>279,399,941</u>                          | <u>1,451,256</u>                                     | <u>280,851,197</u>       |
| Non-current liabilities:                                     |   |  |                          |
| Patron deposits  | 3,221,656                                   | -  | 3,221,656                |
| Rebate arbitrage liability                                   | 295,818                                     | -  | 295,818                  |
| Due to Bay Area Infrastructure Financing Authority           | 645,090,461                                 | -  | 645,090,461              |
| Long-term debt, net  | 4,293,890,298                               | -  | 4,293,890,298            |
| Derivative instruments - fair value                          | 158,599,966                                 | -  | 158,599,966              |
| Total non-current liabilities                                | <u>5,101,098,199</u>                        | <u>-</u>   | <u>5,101,098,199</u>     |
| Total liabilities  | <u>5,380,498,140</u>                        | <u>1,451,256</u>                                     | <u>5,381,949,396</u>     |
| <b>Net assets / (deficit)</b>                                |   |  |                          |
| Invested in capital assets, net of related debt              | 5,356,199                                   | 2,849,787  | 8,205,986                |
| Restricted for:  |   |  |                          |
| RM 2 program reserve   | 138,457,885                                 | -  | 138,457,885              |
| Debt reserve   | 150,000,000                                 | -  | 150,000,000              |
| Extraordinary loss reserve                                   | 50,000,000                                  | -  | 50,000,000               |
| Unrestricted net assets                                      | <u>(2,569,661,478)</u>                      | <u>20,141,782</u>                                    | <u>(2,549,519,696)</u>   |
| Total net assets / (deficit)                                 | <u>\$ (2,225,847,394)</u>                   | <u>\$ 22,991,569</u>                                 | <u>\$(2,202,855,825)</u> |

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

**Metropolitan Transportation Commission**  
**Statement of Revenues, Expenses and Change in Fund Net Assets –**  
**Proprietary Funds**  
**For the Year Ended June 30, 2009**

|  | Business-Type Activities - Enterprise Funds |                                 |                           |
|--|---|---------------------------------|---------------------------|
|  | Bay Area                                    | Service Authority               | Total                     |
|  | Toll Authority                              | for Freeways and<br>Expressways |                           |
| <b>Operating revenues</b>                                  |   |                                 |                           |
| Toll revenues collected                                    | \$ 470,136,376                              | \$ -                            | \$ 470,136,376            |
| Department of Motor Vehicles registration fees             | -   | 5,998,475                       | 5,998,475                 |
| Other operating revenues                                   | 16,828,189                                  | -                               | 16,828,189                |
| Total operating revenues                                   | <u>486,964,565</u>                          | <u>5,998,475</u>                | <u>492,963,040</u>        |
| <b>Operating expenses</b>                                  |   |                                 |                           |
| Operating expenses incurred by Caltrans                    | 28,609,482                                  | -                               | 28,609,482                |
| Towing contracts   | -   | 8,764,626                       | 8,764,626                 |
| Professional fees  | 27,378,953                                  | 1,618,387                       | 28,997,340                |
| Allocations to other agencies                              | 28,341,977                                  | -                               | 28,341,977                |
| Salaries and benefits                                      | 5,986,583                                   | 957,832                         | 6,944,415                 |
| Repairs and maintenance                                    | 2,548                                       | 1,036,045                       | 1,038,593                 |
| Communications charges                                     | 1,734                                       | 263,691                         | 265,425                   |
| Depreciation and amortization                              | 759,887                                     | 284,654                         | 1,044,541                 |
| Other operating expenses                                   | 10,491,391                                  | 705,102                         | 11,196,493                |
| Total operating expenses                                   | <u>101,572,555</u>                          | <u>13,630,337</u>               | <u>115,202,892</u>        |
| Operating income / (loss)                                  | <u>385,392,010</u>                          | <u>(7,631,862)</u>              | <u>377,760,148</u>        |
| <b>Non-operating revenues / (expenses)</b>                 |   |                                 |                           |
| Investment income  | 20,699                                      | 128,301                         | 149,000                   |
| Interest expense   | (197,742,351)                               | -                               | (197,742,351)             |
| Financing fees   | (14,441,725)                                | -                               | (14,441,725)              |
| Other non-operating expense                                | (2,332,921)                                 | -                               | (2,332,921)               |
| Caltrans/other agency operating grants                     | 46,243,663                                  | 6,481,541                       | 52,725,204                |
| Federal operating grants                                   | -   | 765,112                         | 765,112                   |
| Distributions to other agencies for their capital purposes | (132,770,459)                               | -                               | (132,770,459)             |
| Distributions to Caltrans for their capital purposes       | (850,275,136)                               | (732,800)                       | (851,007,936)             |
| Total non-operating revenues / (expenses), net             | <u>(1,151,298,230)</u>                      | <u>6,642,154</u>                | <u>(1,144,656,076)</u>    |
| Income/(loss) before transfers                             | (765,906,220)                               | (989,708)                       | (766,895,928)             |
| <b>Transfers</b>   |   |                                 |                           |
| Transfers to Metropolitan Transportation Commission        | (27,208,672)                                | (2,054,120)                     | (29,262,792)              |
| Transfer from Metropolitan Transportation Commission       | 1,260,000                                   | -                               | 1,260,000                 |
| Transfer between programs                                  | (761,000)                                   | 761,000                         | -                         |
| Total transfers  | <u>(26,709,672)</u>                         | <u>(1,293,120)</u>              | <u>(28,002,792)</u>       |
| <b>Change in net assets</b>                                | (792,615,892)                               | (2,282,828)                     | (794,898,720)             |
| <b>Total net assets / (deficit) - beginning</b>            | <u>(2,225,847,394)</u>                      | <u>22,991,569</u>               | <u>(2,202,855,825)</u>    |
| <b>Total net assets / (deficit) - ending</b>               | <u>\$ (3,018,463,286)</u>                   | <u>\$ 20,708,741</u>            | <u>\$ (2,997,754,545)</u> |

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

**Metropolitan Transportation Commission**  
**Statement of Revenues, Expenses and Change in Fund Net Assets –**  
**Proprietary Funds**  
**For the Year Ended June 30, 2008**

|  | 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                                    | \$ 477,377,104                              | \$ -   | \$ 477,377,104     |
| Department of Motor Vehicles registration fees             | -   | 6,026,423  | 6,026,423          |
| Other operating revenues                                   | 14,308,777                                  | -  | 14,308,777         |
| Total operating revenues                                   | 491,685,881                                 | 6,026,423  | 497,712,304        |
| <b>Operating expenses</b>                                  |   |  |                    |
| Operating expenses incurred by Caltrans                    | 30,271,065                                  | -  | 30,271,065         |
| Towing contracts   | -   | 8,819,101  | 8,819,101          |
| Professional fees  | 27,496,352                                  | 1,858,320  | 29,354,672         |
| Allocations to other agencies                              | 26,696,240                                  | -  | 26,696,240         |
| Salaries and benefits                                      | 5,564,793                                   | 865,995  | 6,430,788          |
| Repairs and maintenance                                    | 2,005                                       | 1,028,982  | 1,030,987          |
| Communications charges                                     | 1,512                                       | 248,700  | 250,212            |
| Depreciation and amortization                              | 680,663                                     | 265,525  | 946,188            |
| Other operating expenses                                   | 10,377,909                                  | 612,049  | 10,989,958         |
| Total operating expenses                                   | 101,090,539                                 | 13,698,672   | 114,789,211        |
| Operating income / (loss)                                  | 390,595,342                                 | (7,672,249)  | 382,923,093        |
| <b>Non-operating revenues / (expenses)</b>                 |   |  |                    |
| Investment income  | 116,134,231                                 | 569,909  | 116,704,140        |
| Interest expense   | (191,859,414)                               | -  | (191,859,414)      |
| Financing fees   | (7,622,197)                                 | -  | (7,622,197)        |
| Other non-operating expense                                | (1,386,813)                                 | -  | (1,386,813)        |
| Caltrans/other agency operating grants                     | 102,832,315                                 | 5,849,763  | 108,682,078        |
| Federal operating grants                                   | -   | 1,690,336  | 1,690,336          |
| Distributions to other agencies for their capital purposes | (126,008,087)                               | -  | (126,008,087)      |
| Distributions to Caltrans for their capital purposes       | (807,001,128)                               | -  | (807,001,128)      |
| Gain/(loss) on sale/abandonment of equipment               | -   | 23,346   | 23,346             |
| Total non-operating revenues / (expenses), net             | (914,911,093)                               | 8,133,354  | (906,777,739)      |
| Income/(loss) before transfers                             | (524,315,751)                               | 461,105  | (523,854,646)      |
| <b>Transfers</b>   |   |  |                    |
| Transfers to Metropolitan Transportation Commission        | (27,207,788)                                | (1,714,549)  | (28,922,337)       |
| <b>Change in net assets</b>                                | (551,523,539)                               | (1,253,444)  | (552,776,983)      |
| <b>Total net assets / (deficit) - beginning</b>            | (1,674,323,855)                             | 24,245,013   | (1,650,078,842)    |
| <b>Total net assets / (deficit) - ending</b>               | \$ (2,225,847,394)                          | \$ 22,991,569  | \$ (2,202,855,825) |

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, 2009**

|  | 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   | \$ 473,806,522                              | \$ 5,998,475   | \$ 479,804,997          |
| Cash payments to Caltrans, suppliers and employees for services              | (116,692,993)                               | (13,509,816)   | (130,202,809)           |
| Other receipts/(payments)  | 16,690,932                                  | (1,681,629)  | 15,009,303              |
| <b>Net cash provided by / (used in)<br/>operating activities</b>             | <b>373,804,461</b>                          | <b>(9,192,970)</b>                                   | <b>364,611,491</b>      |
| <b>Cash flows from non-capital financing activities</b>                      |   |  |                         |
| Caltrans and other local agency grants                                       | 45,910,877                                  | 5,544,342  | 51,455,219              |
| Proceeds from issuance of revenue bonds                                      | 687,800,631                                 | -  | 687,800,631             |
| Interest paid on bonds   | (197,139,638)                               | -  | (197,139,638)           |
| Financing fees   | (14,587,946)                                | -  | (14,587,946)            |
| Payment for refunding of bonds   | (657,100,000)                               | -  | (657,100,000)           |
| Federal operating grants   | -   | 917,327  | 917,327                 |
| Transfers to MTC/SAFE  | (26,130,766)                                | -  | (26,130,766)            |
| Due from MTC/ SAFE   | 5,250,000                                   | -  | 5,250,000               |
| Bond principal payments  | (40,865,000)                                | -  | (40,865,000)            |
| Distributions to Caltrans  | (840,545,685)                               | -  | (840,545,685)           |
| Distributions to other agencies  | (119,207,331)                               | -  | (119,207,331)           |
| Due to BAIFA   | (43,000,000)                                | -  | (43,000,000)            |
| <b>Net cash provided by / (used in) non-capital<br/>financing activities</b> | <b>(1,199,614,858)</b>                      | <b>6,461,669</b>                                     | <b>(1,193,153,189)</b>  |
| <b>Cash flows from capital and related financing<br/>activities</b>          |   |  |                         |
| Transfer between program   | (761,000)                                   | 761,000  | -                       |
| Acquisition of capital assets  | (2,720,378)                                 | (1,872,525)  | (4,592,903)             |
| <b>Net cash (used in) capital and related<br/>financing activities</b>       | <b>(3,481,378)</b>                          | <b>(1,111,525)</b>                                   | <b>(4,592,903)</b>      |
| <b>Cash flows from investing activities</b>                                  |   |  |                         |
| Proceeds from maturities of investments                                      | (7,977,787,742)                             | 15,453,990   | (7,962,333,752)         |
| Purchase of investments  | 7,924,943,389                               | (15,456,633)   | 7,909,486,756           |
| Interest and dividends received  | 41,138,634                                  | 140,714  | 41,279,348              |
| <b>Net cash provided by / (used in) investing activities</b>                 | <b>(11,705,719)</b>                         | <b>138,071</b>                                       | <b>(11,567,648)</b>     |
| <b>Net increase/ (decrease) in cash and cash equivalents</b>                 | <b>(840,997,494)</b>                        | <b>(3,704,755)</b>                                   | <b>(844,702,249)</b>    |
| <b>Balances - beginning of year</b>  | <b>2,278,848,165</b>                        | <b>14,960,260</b>                                    | <b>2,293,808,425</b>    |
| <b>Balances - end of year</b>  | <b>\$ 1,437,850,671</b>                     | <b>\$ 11,255,505</b>                                 | <b>\$ 1,449,106,176</b> |

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, 2009**

|   | 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)   | \$ 385,392,010                              | \$ (7,631,862)  | \$ 377,760,148        |
| Adjustments to reconcile operating income to net cash provided by / (used in) operating activities: |   |   |                       |
| Depreciation and amortization   | 759,887                                     | 284,654   | 1,044,541             |
| Net effect of changes in:   |   |   |                       |
| Due to/ from MTC  | 14,072                                      | (1,614,033)   | (1,599,961)           |
| Due from State/ Federal   | (151,329)                                   | (67,596)  | (218,925)             |
| Accounts receivable   | 41,172                                      | 120   | 41,292                |
| Prepaid expenses and other assets   | 65,862                                      | (18,851)  | 47,011                |
| Due to Caltrans   | (2,377,757)                                 | -   | (2,377,757)           |
| Due from BAIFA  | (24,420)                                    | -   | (24,420)              |
| Unearned revenue  | 2,933,942                                   | -   | 2,933,942             |
| Patron deposits   | 719,452                                     | -   | 719,452               |
| Accounts payable and accrued expenses   | (13,568,430)                                | (145,402)   | (13,713,832)          |
| <b>Net cash provided by / (used in) operating activities</b>  | <b>\$ 373,804,461</b>                       | <b>\$ (9,192,970)</b>   | <b>\$ 364,611,491</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, 2008**

|  | 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   | \$ 483,378,277                              | \$ 6,026,423   | \$ 489,404,700          |
| Cash payments to Caltrans, suppliers and employees for services              | (106,177,323)                               | (13,726,762)   | (119,904,085)           |
| Other receipts/(payments)  | 13,137,751                                  | (2,364,840)  | 10,772,911              |
| <b>Net cash provided by / (used in)<br/>operating activities</b>             | <b>390,338,705</b>                          | <b>(10,065,179)</b>                                  | <b>380,273,526</b>      |
| <b>Cash flows from non-capital financing activities</b>                      |   |  |                         |
| Caltrans and other local agency grants                                       | 102,933,074                                 | 5,173,386  | 108,106,460             |
| Proceeds from issuance of revenue bonds                                      | 991,749,273                                 | -  | 991,749,273             |
| Interest paid on bonds   | (184,855,997)                               | -  | (184,855,997)           |
| Financing fees   | (7,622,197)                                 | -  | (7,622,197)             |
| Payment for refunding of bonds   | (500,000,000)                               | -  | (500,000,000)           |
| Federal operating grants   | -   | 2,137,765  | 2,137,765               |
| Transfers to MTC/SAFE  | (25,421,766)                                | -  | (25,421,766)            |
| Due from MTC/ SAFE   | (42,250,000)                                | -  | (42,250,000)            |
| Bond principal payments  | (42,620,000)                                | -  | (42,620,000)            |
| Distributions to Caltrans  | (765,676,398)                               | -  | (765,676,398)           |
| Distributions to other agencies  | (142,318,990)                               | -  | (142,318,990)           |
| Contributions from BAIFA   | 398,723,073                                 | -  | 398,723,073             |
| Distributions to BAIFA   | (100,000,000)                               | -  | (100,000,000)           |
| <b>Net cash provided by / (used in) non-capital<br/>financing activities</b> | <b>(317,359,928)</b>                        | <b>7,311,151</b>                                     | <b>(310,048,777)</b>    |
| <b>Cash flows from capital and related financing<br/>activities</b>          |   |  |                         |
| Transfers between programs   | -   | -  | -                       |
| Acquisition of capital assets  | (3,012,135)                                 | (193,926)  | (3,206,061)             |
| Proceeds from sale of facilities, property and equipment                     | -   | 23,376   | 23,376                  |
| <b>Net cash (used in) capital and related<br/>financing activities</b>       | <b>(3,012,135)</b>                          | <b>(170,550)</b>                                     | <b>(3,182,685)</b>      |
| <b>Cash flows from investing activities</b>                                  |   |  |                         |
| Proceeds from maturities of investments                                      | 9,581,299,161                               | 27,708,662   | 9,609,007,823           |
| Purchase of investments  | (8,576,385,520)                             | (14,146,006)   | (8,590,531,526)         |
| Interest and dividends received  | 129,628,408                                 | 753,265  | 130,381,673             |
| <b>Net cash provided by / (used in) investing activities</b>                 | <b>1,134,542,049</b>                        | <b>14,315,921</b>                                    | <b>1,148,857,970</b>    |
| <b>Net increase / (decrease) in cash and cash equivalents</b>                | <b>1,204,508,691</b>                        | <b>11,391,343</b>                                    | <b>1,215,900,034</b>    |
| <b>Balances - beginning of year</b>  | <b>1,074,339,474</b>                        | <b>3,568,917</b>                                     | <b>1,077,908,391</b>    |
| <b>Balances - end of year</b>  | <b>\$ 2,278,848,165</b>                     | <b>\$ 14,960,260</b>                                 | <b>\$ 2,293,808,425</b> |

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, 2008**

|   | 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)   | \$ 390,595,342                              | \$ (7,672,249)  | \$ 382,923,093        |
| Adjustments to reconcile operating income to net cash provided by / (used in) operating activities: |   |   |                       |
| Depreciation and amortization   | 680,663                                     | 265,525   | 946,188               |
| Net effect of changes in:   |   |   |                       |
| Due to MTC  | 12,161                                      | (2,370,677)   | (2,358,516)           |
| Due from State/ Federal   | (1,183,187)                                 | 5,837   | (1,177,350)           |
| Accounts receivable   | 245,989                                     | (120)   | 245,869               |
| Prepaid expenses and other assets   | 75,209                                      | 16,605  | 91,814                |
| Due to Caltrans   | (6,088,060)                                 | -   | (6,088,060)           |
| Unearned revenue  | 5,146,397                                   | -   | 5,146,397             |
| Patron deposits   | 608,787                                     | -   | 608,787               |
| Accounts payable and accrued expenses   | 245,404                                     | (310,100)   | (64,696)              |
| <b>Net cash provided by / (used in) operating activities</b>  | <b>\$ 390,338,705</b>                       | <b>\$ (10,065,179)</b>                                      | <b>\$ 380,273,526</b> |

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



**Metropolitan Transportation Commission**  
**Statement of Fiduciary Assets and Liabilities – Agency Funds**  
**June 30, 2009 and 2008**

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|  | 2009                 | 2008                 |
|--|----------------------|----------------------|
| <b>Assets</b>                            |                      |                      |
| Cash and cash equivalents                | \$ 72,209,970        | \$ 78,248,746        |
| Receivables - interest                   | 80,101               | 210,099              |
| <b>Total Assets</b>                      | <u>\$ 72,290,071</u> | <u>\$ 78,458,845</u> |
| <b>Liabilities</b>                       |                      |                      |
| Accounts payable and accrued liabilities | \$ 6,310,178         | \$ 5,119,766         |
| Due to other governments                 | 65,979,893           | 73,339,079           |
| <b>Total Liabilities</b>                 | <u>\$ 72,290,071</u> | <u>\$ 78,458,845</u> |

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

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2009 and 2008**  
**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. These are the principal sources of revenue susceptible to accrual under the modified accrual method described later within this note. Fees are the primary source of revenue for the proprietary funds described in this note.

The accompanying financial statements present MTC, its blended component units, and its discretely presented component unit. MTC is the primary government as defined in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*. 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 their boards are substantially the same as the primary government's board. 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.

MTC has one discretely presented component unit – Bay Area Infrastructure Financing Authority (BAIFA). As such, BAIFA is presented in a separate column on the face of the government-wide financial statements on the far right column.

***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 with responsibilities for the disposition of toll revenues collected from toll bridges owned and operated by Caltrans in the San Francisco Bay Area. These responsibilities also include administration of the Regional Measure 1 capital improvement program approved by the voters in 1988. The bridges for which BATA manages the disposition of toll revenues 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.

# **Metropolitan Transportation Commission**

## **Financial Statements for the years ended June 30, 2009 and 2008**

### **Notes to Financial Statements**

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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 with respect to the collection and disposition of toll bridge revenues. The current ten-year agreement was signed in 2006.

Caltrans' responsibilities include the ownership, operation and maintenance of the bridges. Under the terms of the Cooperative Agreement, BATA has responsibility for electronic toll collection. BATA's FasTrak<sup>®</sup> Center consolidated its operations to include Golden Gate Bridge Highway and Transportation District on May 30, 2005.

BATA is required to prepare and adopt a budget by July 1 for each fiscal year. BATA adopted a Long Range Plan for Regional Measure 1 (RM 1) projects 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 Streets and Highway Code and to pay Caltrans for costs incurred and as authorized in the annual budgets adopted by BATA.

In March 2004, seven Bay Area counties approved Regional Measure 2 (RM 2). RM 2 increased the bridge toll by one dollar for all seven bridges in order to fund various capital and operating programs for congestion relief. BATA controls the RM 2 allocations. This dollar surcharge became effective July 1, 2004.

The California State Legislature approved Assembly Bill (AB) 144 on July 18, 2005, which transferred additional Caltrans responsibilities to BATA, namely toll plaza administration responsibility. This responsibility includes consolidation of all the bridge revenue, including the state seismic dollar for the seven bridges, under BATA's administration. The state seismic dollar was formerly administered by Caltrans to be used to complete the Seismic Retrofit Program. AB 144 also created a new seismic project oversight board, called the Toll Bridge Project Oversight Committee. This Committee consists of Caltrans, BATA, and the California Transportation Commission. This Committee has oversight for the state toll bridge seismic retrofit program, which includes reviewing bid documents, change orders, and monitoring ongoing costs. The bill also gave BATA unlimited project level toll revenue setting authority to complete the Seismic Retrofit Program. BATA is a proprietary fund as it generates revenue from toll bridge receipts and its debt is collateralized solely by toll revenue as more fully described in Note 5 Bond Covenants.

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

In June 1988, the MTC SAFE was created to receive fees 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. These fees represent charges for services rendered to external users. The MTC SAFE is responsible for administering a freeway motorist aid system in the participating counties, referred to as the Call Box program. The following counties are participants in the MTC SAFE: San Francisco, Alameda, Contra Costa, Marin, Napa, San Mateo, Santa Clara, Solano and Sonoma.

# Metropolitan Transportation Commission

## Financial Statements for the years ended June 30, 2009 and 2008

### Notes to Financial Statements

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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 three principal sources of funding for the FSP program are state-legislated grants, federal grants, and funding from federal traffic mitigation programs. In addition, the Call Box program supports the FSP program by transferring funds each year.

The management of the MTC SAFE has contracted with the MTC to utilize the administrative personnel and facilities of the MTC at no cost.

#### iii.) MTC General Revenue Fund

MTC General Fund is used to account for financial resources not accounted for or reported in another fund.

#### iv.) MTC Special Revenue Funds

Special revenue funds are used to account for specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. MTC maintains various special revenue funds as follows:

#### Major Funds

**AB 664 Net Toll Revenue Reserve Fund** – These funds are allocated, seventy percent to East Bay and thirty percent to West Bay, to agency capital projects that further the development of public transit in the vicinity of the three southern Bay Area bridges, including transbay and transbay feeder transit services. Substantially all of the current AB 664 Net Toll Revenue Reserves are used to match federal transit funds designated for replacement buses and agency capital facility improvement. Under Section 30884 (a) of the Streets and Highway Code, the AB 664 Net Toll Revenue Fund receives 16 percent the base toll revenues collected on the three southern bridges, San Francisco-Oakland Bridge, Dumbarton Bridge, and San Mateo-Hayward Bridge.

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

#### Non-major Funds

**Transit Reserve Fund** – MTC maintains a Transit Reserve Fund pursuant to Regional Measure 1, which was amended in 1988. The calculation of the transit

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2009 and 2008**  
**Notes to Financial Statements**

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reserves is set forth in Section 30913 (b) of the Streets and Highway Code as one third of 2 percent of base toll revenues collected on all seven Bay Area state-owned bridges.

Caltrans also has a Cooperative Agreement with BATA and MTC whereby Caltrans transferred state funding (Five Percent Unrestricted State Funds) to MTC for ferry operations and other transit/bicycle projects.

**Rail Reserve Fund** – Rail reserve 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 Reserves are allocated for East Bay rail improvements and the remaining 30 percent for West Bay rail improvements. Under Section 30914 (a.4) of the Streets and Highway Code, the rail reserve fund receives 21 percent of base toll revenues collected on the San Francisco-Oakland Bay Bridge.

**Exchange Fund** – Exchange Funds are used for MTC projects adopted as part of its Surface Transportation Program (STP) and Congestion Mitigation and Air Quality Improvement (CMAQ) programs by Commission resolution and as such have limited restrictions on these funds.

**BART Car Exchange Fund** – Funds deposited are restricted for the purpose of the BART car replacement projects. MTC and BART established funding exchange program whereby MTC will program Federal Funds for current BART projects with BART depositing an equal amount of local funds into an account set aside for the BART car fleet replacement project scheduled to begin in 2013.

**Feeder Bus Fund** – Funds deposited are to reimburse various transit operators for operating the BART Express Bus Program and come from local agency grants.

**Proposition 1B Fund** – This fund includes revenue from the Caltrans Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA) grant, a grant funded by Proposition 1B Regional Transit Connectivity Program funds. MTC's Hub Signage Project, which improves signage at major transportation hubs, is the only project in this fund for fiscal 2009.

**v.) MTC Capital Projects Fund**

MTC Capital Projects Fund is used to account for and report the financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition and development of capital facilities and other capital assets. The TransLink project, the MTC MetroCenter Seismic Retrofit project, and the Urban Partnership project are the capital projects included in the current fiscal year.

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2009 and 2008**  
**Notes to Financial Statements**

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**vi.) MTC Fiduciary Funds**

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

**AB 1107 Fund** – BART Half-Cent Sales Tax (AB 1107) funds are used to account for the activities of the AB 1107 Program. AB 1107 funds are sales tax revenue collected under the ordinance adopted pursuant to Section 29140 of the Public Utilities Code. These funds are administered by MTC for allocation to the Alameda-Contra Costa Transit District (AC Transit) and the City and County of San Francisco for its municipal railway system (MUNI) on the basis of regional priorities established by the MTC.

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

***Discretely presented component unit***

A component unit is a legally separate organization for which elected officials of the primary government are financially accountable. It can also be an organization whose relationship with the primary government are such that exclusion would cause the reporting entity's financial statement to be misleading or incomplete. MTC has one discretely presented component unit, BAIFA.

**i.) Bay Area Infrastructure Financing Authority**

The Bay Area Infrastructure Financing Authority (BAIFA) was established in August 2006 pursuant to the California Joint Exercise of Powers Act, consisting of Sections 6500 through 6599.2 of the California Government Code to provide for the joint exercise powers common to MTC and BATA, where two or more public agencies may enter into an agreement to establish an agency to exercise any power common to the contracting parties. The governing board of BAIFA consists of four MTC Commissioners and two BATA Commissioners. BAIFA is authorized to plan projects and obtain funding in the form of grants, contributions, appropriations, loans and other assistance from the United States and from the state of California and apply funds received to pay debt service on bonds issued by BAIFA to finance or refinance public transportation and related capital improvements projects. BAIFA is presented as a proprietary fund in the discretely presented component unit column of the government-wide financial statements because it does not meet the criteria for blending under the provisions of GASB Statement No. 14, *The Financial Reporting Entity*. Requests for separately issued financial statement for BAIFA should be addressed to the Treasurer and Auditor, Bay Area Infrastructure Financing Authority, 101 8<sup>th</sup> Street, CA 94607.

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2009 and 2008**  
**Notes to Financial Statements**

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

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

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

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

MTC presents its financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – Management’s Discussion & Analysis – for State and Local Governments* as amended. GASB Statement No. 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.

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 continues 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 not to apply all FASB Statements and Interpretations issued after November 30, 1989, due to the governmental nature of MTC’s operations.

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which provides guidance on the accounting and reporting of obligations and costs related to existing pollution remediation. This statement did not have any effect on the financial statements of MTC. The requirements of which are effective for the fiscal year ended June 30, 2009. This statement is not applicable to MTC as MTC does not have any pollution remediation.

GASB Statement No. 50, *Pension Disclosures*, an amendment to GASB Statements No. 25 and No. 27, which more closely aligns financial reporting requirements for pensions with that of other postemployment benefits (OPEB) has been adopted by MTC for the fiscal year ended June 30, 2008. This statement imposed similar note and required supplementary

# Metropolitan Transportation Commission

## Financial Statements for the years ended June 30, 2009 and 2008

### Notes to Financial Statements

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reporting requirements as that of GASB Statement No. 45, *Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement did not have any effect on the financial statements of MTC as the required disclosures were already incorporated into MTC's footnotes and included in MTC's required supplementary information. For additional information and impact on adoption see Note 9.

GASB Statement No. 51, *Accounting and Financial Reporting of Intangible Assets*, which establishes accounting and financial reporting requirements for intangible assets, has been adopted by MTC for the year ended June 30, 2008. The adoption of this standard did not have a material effect on the financial statements. For additional information and impact on adoption see Note 1.I and Note 4.

GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, which establishes consistent standards for the reporting of land and other real estate held as investments at their historical cost. The requirements of which are effective for the fiscal year ended June 30, 2009. This statement is not applicable to MTC as MTC is not a Foundation.

GASB Statement No. 53, *Accounting and Financial Reporting of Derivative Instruments*, which addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments, has been adopted by MTC for the fiscal year ended June 30, 2009. This standard was adopted by retroactively restating the financial statements for fiscal year ended June 30, 2008 by recording a liability and associated deferred outflow. This restatement did not have any impact on the net assets of MTC at June 30, 2008. For additional information and impact on adoption see Note 5.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds, has been adopted by MTC for the fiscal year ended June 30, 2009. This standard was adopted by retroactively restating the financial statements for fiscal year ended June 30, 2008. The adoption of this statement impacted classifications of fund balances but did not have any impact to the net assets of MTC. For additional information and impact on adoption see Note 1.G.

GASB Statement No. 55, *Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature. GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, incorporates into the GASB authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. The requirements of these statements will improve financial reporting by contributing to GASB's efforts to codify all GAAP for state and local governments so that they derive from a single source. These standards were issued March 2009 and are effective immediately. These standards did not have any effect on the financial statements.



# Metropolitan Transportation Commission

## Financial Statements for the years ended June 30, 2009 and 2008

### Notes to Financial Statements

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectable within the current period or soon enough afterwards to pay liabilities of the current period. All revenue sources included in the governmental funds, namely federal, state and local grants as well as sales tax revenue, utilize this revenue recognition methodology.

In fiscal 2009 and 2008, the following funds are considered non-major: the Transit Reserve Fund, the Rail Reserve Fund, the Exchange Fund, the BART Car Exchange, the Feeder Bus Fund, and the Prop 1B Fund. Since these funds did not meet the major fund test, management has included them in Non-Major Governmental Funds, with the exception of AB 664 Net Toll Revenue Reserves Fund, which MTC has elected to present as a major fund in order to provide consistent presentation with prior years.

In fiscal 2009 and 2008, the following funds are considered major governmental funds: MTC General Fund, AB 664 Net Toll Revenue Reserves Fund, STA Fund, and Capital Projects. The balance sheet and statements of revenues, expenditures and changes in fund balances and budget to actual statements of revenues and change in fund balances are presented for these funds.

#### **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 and a final budget 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 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, plus major and non-major special revenue funds. Capital budgets are adopted on a project life-to-date basis.
- Annual budgets are adopted on the accrual basis for the proprietary fund types.

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2009 and 2008**  
**Notes to Financial Statements**

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**E. Encumbrances**

Encumbrance accounting is employed in the general, capital project and special revenue funds. Under this method, purchase orders, contracts, memoranda of understanding and other commitments outstanding at year-end do not constitute expenditures or liabilities. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides additional guidance on the classification within the Net Assets section of amounts that have been encumbered. Encumbrances of balances within the General and Capital Project funds are classified as committed and are included in the "transportation projects" category. These encumbrances along with encumbrances of balances in funds that are restricted, committed or assigned, that are not separately classified in the financial statements, are summarized as follows:

|                               | <u>2009</u>  | <u>2008</u>  |
|-------------------------------|--------------|--------------|
| General Fund                  | \$ 1,839,051 | \$ 2,253,688 |
| AB 664 Net Toll Revenue       | 32,179,306   | 34,176,473   |
| State Transit Assistance Fund | 14,082,505   | 24,101,448   |
| Non-major Governmental Funds  | 40,758,637   | 84,250,856   |
| Capital                       | 12,981       | 857,394      |

**F. Net Assets**

Net assets / (deficit), presented in the government-wide proprietary fund financial statements, represent residual interest in assets after liabilities are deducted. MTC net assets / (deficit) consist of three sections: Invested in capital assets, net of related debt, as well as restricted and unrestricted. Net assets / (deficit) are reported as restricted when constraints are imposed by creditors, grantors, contributors, laws or regulations or other governments or enabling legislation. Restricted net assets consist of amounts restricted for capital projects and other purposes as follows:

|   | <u>2009</u>           | <u>2008</u>           |
|---|-----------------------|-----------------------|
| Capital Projects                                  | <u>\$ 276,683,298</u> | <u>\$ 281,697,032</u> |
| Other Purposes:                                   |                       |                       |
| RM 2 program                                      | 93,873,317            | 138,457,885           |
| Debt covenant - operating & maintenance           | 150,000,000           | 150,000,000           |
| Self insurance                                    | 50,000,000            | 50,000,000            |
| Long-term receivable restricted for rail projects | 37,000,000            | 42,000,000            |
| OPEB Prefunding                                   | 7,384,385             | 7,731,865             |
| STA   | 5,086,117             | 4,175,455             |
| Other   | <u>3,089,763</u>      | <u>1,815,325</u>      |
| Total Other Purposes                              | <u>\$ 346,433,582</u> | <u>\$ 394,180,530</u> |

# Metropolitan Transportation Commission

## Financial Statements for the years ended June 30, 2009 and 2008

### Notes to Financial Statements

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#### G. Fund Balances

Fund balances, presented in the governmental fund financial statements, represent the difference between assets and liabilities reported in a governmental fund. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. This new standard has not affected the total amount of reported fund balances but has substantially changed the categories and terminology used to describe their components. In fiscal year 2008, MTC categorized fund balances in the Balance Sheet - Governmental Funds as reserved and unreserved. GASB Statement No. 54 requires that the fund balances be classified into categories based upon the type of restrictions imposed on the use of funds. MTC evaluated each of its funds at June 30, 2009 and June 30, 2008 and classified fund balances into the following five categories:

- Nonspendable - items that cannot be spent because they are not in spendable form, such as prepaid items are reported in the general fund.
- Restricted - items that are restricted by external parties such as creditors or imposed by grants, law or legislation. MTC has legislative restrictions on amounts collected for various transportation and rail projects included in the AB 664 toll revenue, STA, BART car exchange, Transit reserve, Feeder Bus and Rail reserve funds.
- Committed - items that have been committed by formal action by the entity's "highest level of decision-making authority"; which MTC considers to be Commission resolutions. This level of approval has been reported in the general fund, capital projects fund and the exchange fund in establishing the benefits reserve, building reserve and professional services reserve.
- Assigned - items that have been allocated by committee action where the government's intent is to use the funds for a specific purpose. MTC considers this level of authority to be the Administration Committee. There are no such restrictions on MTC's fund balances.
- Unassigned - this category is for any balances that have no restrictions placed upon them.

MTC reduces restricted amounts first when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. MTC reduces committed amounts first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

GASB Statement No. 54 also clarifies definitions for governmental fund types. MTC evaluated each of its funds at June 30, 2009 and June 30, 2008 and provided additional information with respect to the purpose of each fund (see Note. 1.A.). For MTC, this evaluation did not result in a reclassification of funds within the governmental fund types for fiscal years 2009 and 2008.

#### H. Cash and Investments

MTC applies the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, which generally requires investments to be recorded at fair value with the difference between cost and fair value recorded as an

# Metropolitan Transportation Commission

## Financial Statements for the years ended June 30, 2009 and 2008

### Notes to Financial Statements

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unrealized gain or loss. Investments are stated at fair value based upon quoted market prices. MTC reports its money market investments and participating interest-earning investment contracts at amortized cost. This is permissible under this standard provided those investments have a remaining maturity at time of purchase of one year or less and that the fair value of those investments is not significantly affected by the credit standing of the issuer or other factors. 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. Accounting for derivative investments is described in Note 1.P.

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 allowed under the MTC investment policy include the following:

- Securities of the U.S. Government or its agencies
- Securities of the State of California or its agencies
- Certificates of deposit issued by a nationally or state chartered bank
- Bankers’ acceptances
- Authorized pooled investment programs
- Commercial paper – Rated “A1” or “P1”
- Corporate notes – Rated “A” or better
- Municipal bonds
- Mutual funds – Rated “AAA”
- Other investment types authorized by state law and not prohibited in the MTC investment policy

#### ***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 as they are readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value. Deposits in the cash management pool of the County of Alameda are presented as cash and cash equivalents as they are available for immediate withdrawal or deposit at any time without prior notice or penalty and there is no significant risk of principal.

Variable rate demand obligations (VRDOs) are also presented as cash and cash equivalents. VRDOs have liquidity instruments that allow the securities to be put at any time with seven days notice and there is no significant risk of principal.

# Metropolitan Transportation Commission

## Financial Statements for the years ended June 30, 2009 and 2008

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#### *Restricted Cash*

Certain cash is restricted as these assets are either advances used for a specific purpose with the balance being refunded upon project completion, prepaid customer deposits for the FasTrak<sup>®</sup> program, or funds restricted for debt service.

#### *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.

#### **I. Capital Assets**

Capital assets, which include buildings and improvements, office furniture and equipment, leased equipment, automobiles and call boxes and software, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital asset acquisitions are recorded at historical cost. MTC's intangible assets consist of internally developed software. Depreciation and amortization expenses for the governmental activities are charged against general government function.

Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated 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 and amortization are 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       |
| Intangible assets              | 5 - 7        |
| Leased equipment               | 5            |
| Automobiles                    | 3            |
| Callboxes                      | 10           |

#### **J. 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 Public Employees' Retirement System (CalPERS). CalPERS provides an actuarially determined contribution rate that is applied to eligible covered payroll cost on a monthly basis by MTC. These costs are included in salaries and benefits expense. For additional information on MTC's retirement plan, refer to Note 8.

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**K. Postemployment Healthcare Benefits**

MTC pays certain health care insurance premiums for retired employees. These costs are not recorded in a fiduciary fund by MTC as the assets underlying these future benefits are not managed by MTC. The annual required contribution is recorded in salaries and benefits. See Note 9 for further detail on the cost and obligations associated with these other postemployment benefits (OPEB).

**L. 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. The compensated absences liability presented in the government-wide governmental activities totals \$3,120,635 and \$2,945,185 at June 30, 2009 and 2008, respectively. Unused accumulated sick and vacation leave is paid at the time of employment termination up to a maximum of 240 hours for sick leave as well as the total accumulated vacation leave per employee from the general fund.

A summary of changes in compensated absences for the year ended June 30, 2009 is as follows:

|                      | <b>Beginning<br/>Balance<br/>July 1, 2008</b> | <b>Additions</b> | <b>Reductions</b> | <b>Ending<br/>Balance<br/>June 30, 2009</b> | <b>Due<br/>Within<br/>One Year</b> |
|----------------------|---|------------------|-------------------|---|------------------------------------|
| Compensated Absences | \$ 2,945,185                                  | \$ 2,065,164     | \$ (1,889,713)    | \$ 3,120,636                                | \$ 1,434,585                       |

A summary of changes in compensated absences for the year ended June 30, 2008 is as follows:

|                      | <b>Beginning<br/>Balance<br/>July 1, 2007</b> | <b>Additions</b> | <b>Reductions</b> | <b>Ending<br/>Balance<br/>June 30, 2008</b> | <b>Due<br/>Within<br/>One Year</b> |
|----------------------|---|------------------|-------------------|---|------------------------------------|
| Compensated Absences | \$ 2,579,699                                  | \$ 1,990,580     | \$ (1,625,094)    | \$ 2,945,185                                | \$ 1,327,452                       |

**M. Reconciliation of government-wide and fund financial statements**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balance – total governmental funds and Changes in net assets of governmental activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures.” However, in

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the statement of activities the cost of those assets is allocated over their estimated useful life and reported as depreciation expense.

The details of the (\$412,301) and \$2,721,598 difference for fiscal 2009 and 2008 are as follows:

|   | <u>2009</u>        | <u>2008</u>        |
|---|--------------------|--------------------|
| Capital outlay  | \$339,180          | \$3,326,133        |
| Depreciation expense  | <u>(751,481)</u>   | <u>(604,535)</u>   |
| Net adjustment to increase  | <u>(\$412,301)</u> | <u>\$2,721,598</u> |
| Net changes in fund balances-total governmental funds<br>to arrive at Change in net assets of governmental activities |                    |                    |

**N. Pledged Revenue to Bay Area Infrastructure Financing Authority**

In December 2006, BATA entered into a contribution agreement with the state of California whereby BATA pledged to transfer the state's future scheduled payments designated for the Toll Bridge Seismic Retrofit Program to the Bay Area Infrastructure Financing Authority (BAIFA). BAIFA issued \$972,320,000 of bonds called State Payment Acceleration Notes (SPANs) collateralized solely by BATA's pledge of state payments. BAIFA agreed to apply the proceeds from the SPANs for the costs of issuance and for the seismic retrofit program. The scheduled payments are identified and authorized by state statutes. State payments pledged by BATA total \$1,135,000,000. Pledged state payments are scheduled from fiscal years 2007 to 2014. In the contribution agreement, BATA pledged and assigned to BAIFA all BATA's rights to the future state payments.

In fiscal year 2009, the amount of pledged payments from the state received by BATA and paid to BAIFA was \$43,000,000.

The accounting for the above transactions are prescribed by GASB Statement No. 48, *Sales and Pledges of Receivables and Intra-Entity Transfers of Assets and Future Revenues*, which establishes criteria to ascertain whether proceeds derived from an exchange of an interest in expected cash flows from specific receivables or specific future revenues for immediate cash payments be reported as revenue or as collateralized borrowing. BATA adopted this pronouncement early for fiscal 2007 and as a result reported the exchange of the SPAN proceeds for the interest in expected future cash flow from Caltrans as collateralized borrowing by BATA and a receivable by BAIFA.

**O. Unearned Revenue**

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

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**P. Derivative Instruments**

Derivative instruments used by BATA are swap contracts that have a variable or fixed payment based on the price of an underlying interest rate or index. Hedging derivative instruments are used to reduce financial risks, such as offsetting increases in interest costs, by offsetting changes in cash flows of the debt, the hedged item. These derivative instruments are evaluated to determine if the derivative instrument is effective in significantly reducing the identified financial risk at year end. If the derivative instrument is determined to be an effective hedge, its fair value is an asset or liability with a corresponding debit or credit to deferred outflows or inflows on the Statement of Net Assets. Deferred outflow or inflow constitutes changes in fair value of effectively hedged derivative instruments. This account is neither an asset nor a liability. If the derivative instrument is determined to be an ineffective hedge or when there is no hedgeable item, the derivative instrument is considered to be an investment derivative; its fair value is an asset or liability on the Statement of Net Assets and the change in fair value is recognized against investment revenue in the Statement of Activities. See additional discussion in Note 5.

**Q. Toll Revenues Collected**

After tolls are collected by Caltrans and transferred to BATA at the toll plazas, BATA accounts for the cash collected from the operation of the bridges as revenue and has responsibility for electronic toll collection. The revenues are used for RM 1, RM 2 and Seismic retrofit programs. BATA recognizes toll revenue as amounts are earned from vehicle utilization of the toll bridges.

**R. 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. These expenses include maintenance, administration, operations, and overhead costs.

**S. Investment Income**

Investment income is comprised of interest income from investments and changes in the fair value of investment derivative instruments. The investment derivative component is the result of the implementation of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* which requires the change in fair value of the derivative instruments which no longer have an underlying item to hedge be reported in investment income. The following table shows the breakdown of investment income for the fiscal years



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ended June 30, 2009 and 2008:

|                       | Governmental<br>Activities | BATA             | SAFE              | Total<br>Business-type<br>Activities | Total<br>2009       | Total<br>2008         |
|-----------------------|----------------------------|------------------|-------------------|--------------------------------------|---------------------|-----------------------|
| Investment income     | \$ 5,785,031               | \$ 38,739,854    | \$ 128,301        | \$ 38,868,155                        | \$ 44,653,186       | \$ 128,094,517        |
| Investment derivative | -                          | (38,719,155)     | -                 | (38,719,155)                         | (38,719,155)        | -                     |
|                       | <u>\$ 5,785,031</u>        | <u>\$ 20,699</u> | <u>\$ 128,301</u> | <u>\$ 149,000</u>                    | <u>\$ 5,934,031</u> | <u>\$ 128,094,517</u> |

**T. Distributions to Caltrans for Their Capital Purposes**

In accordance with the Cooperative Agreement between BATA and Caltrans, BATA reimburses Caltrans for bridge capital expenses. Expenses are reflected to the extent Caltrans bills are presented to MTC that relate to the period through the end of the fiscal year.

**U. 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.

**V. Operating and Non-operating Revenues and Expenses**

Operating revenues are those necessary for principal operations of the entity. Operating expenses are those related to user service activities. Non-operating revenues and expenses are all others revenues and expenses not related to user service activities.

**2. UNRESTRICTED NET ASSET DEFICIT**

MTC's unrestricted net asset deficit arises in its business type and governmental activities. For the business type activities, BATA is responsible for providing Caltrans funding for bridge repairs related to the seven state-owned bridges. Expenses related to these payments to Caltrans are treated as expenses since BATA does not own or maintain title to the bridges. This deficit will be reduced through operating income earned in the future as the toll revenue debt is retired and the project is completed. For the governmental activities, MTC has a longterm payable to BATA. As it makes annual payments to BATA, the unrestricted net asset deficit will be reduced by the payments until the liability is paid off.

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**3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

A. A summary of Cash, Cash Equivalents and Investments as shown on the Statement of Net Assets for all funds at June 30, 2009 and 2008 is as follows:

|   | <b>2009</b>                   | <b>2008</b>                   |
|---|-------------------------------|-------------------------------|
| Unrestricted cash and cash equivalents                    | \$1,436,549,513               | \$1,545,641,736               |
| Unrestricted investments                                  | <u>375,348,336</u>            | <u>403,781,141</u>            |
| Total unrestricted cash, cash equivalents and investments | <u>1,811,897,849</u>          | <u>1,949,422,877</u>          |
| Restricted cash and cash equivalents                      | 203,900,124                   | 895,561,664                   |
| Restricted investments                                    | <u>394,393,954</u>            | <u>330,085,697</u>            |
| Total restricted cash, cash equivalents and investments   | <u>598,294,078</u>            | <u>1,225,647,361</u>          |
| Total cash, cash equivalents and investments              | <u><u>\$2,410,191,927</u></u> | <u><u>\$3,175,070,238</u></u> |

The details of restricted cash, cash equivalents and investments are as follows:

|   | <b>2009</b>                  | <b>2008</b>                   |
|---|------------------------------|-------------------------------|
| FasTrak <sup>®</sup> program                            | \$ 44,594,290                | \$ 40,757,514                 |
| Escrow account  | 15,739                       | 172,326                       |
| Operations & maintenance reserve                        | 150,000,000                  | 150,000,000                   |
| Debt service reserve                                    | 282,730,772                  | 937,196,029                   |
| Extraordinary loss reserve                              | 50,000,000                   | 50,000,000                    |
| Rebate arbitrage  | -                            | 296,143                       |
| BART car replacement project                            | <u>70,953,277</u>            | <u>47,225,349</u>             |
| Total restricted cash, cash equivalents and investments | <u><u>\$ 598,294,078</u></u> | <u><u>\$1,225,647,361</u></u> |

Restricted cash on the FasTrak<sup>®</sup> program consists of customer prepaid tolls and deposit from patrons. The patrons are issued transponders with the prepaid amounts for usage against tolls on the California bridges. Tolls are deducted from the customer's prepaid toll accounts as customers cross the bridge. Operations & maintenance, Debt service, and Extraordinary loss reserves are described in Note 5. The Bart car replacement project is described in Note 1.A.i v.

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B. The composition of cash, cash equivalents and investments at June 30, 2009 and 2008 is as follows:

|  | <b>2009</b>             | <b>2008</b>             |
|--|-------------------------|-------------------------|
| Cash at banks                                | \$ 229,398,326          | \$ 212,431,178          |
| Money market accounts                        | 387,589,050             | 257,753,035             |
| County of Alameda                            | 61,197,118              | 66,853,720              |
| Government-sponsored enterprises             |                         |                         |
| Federal Home Loan Bank                       | 773,485,535             | 1,453,341,737           |
| Federal Home Loan Mortgage Corporation       | 411,615,229             | 1,159,103,018           |
| Federal National Mortgage Association        | 81,556,377              | -                       |
| Tennessee Valley Authority                   | 10,439,205              | 10,279,896              |
| Municipal Bonds                              | 454,595,000             | -                       |
| Corporate Bonds                              | -                       | 15,000,000              |
| Local Agency Investment Fund                 | 316,087                 | 307,654                 |
| Total cash, cash equivalents and investments | <u>\$ 2,410,191,927</u> | <u>\$ 3,175,070,238</u> |

MTC holds a position in the investment pool of County of Alameda in the amount of \$61,197,118 and \$66,853,720 at June 30, 2009 and 2008. The Transportation Development Act (TDA) requires that STA and local Transportation Development Act (TDA) funds be deposited with the County Treasury. The County of Alameda is restricted by state code in the types of investments it can make. Further, the County Treasurer has a written investment policy approved by the Board of Supervisors and also has an investment committee, which performs regulatory oversight for its pool as required by California Government Code Section 27134. The County's investment policy authorizes the County to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, certificates of deposit, commercial paper prime rated by at least two agencies if maturity is greater than 30 days, banker's acceptances, repurchase agreements, reverse repurchase agreements, and the State Treasurer's investment pool. The position in the external investment pool at the County of Alameda is recorded at fair value at June 30, 2009 determined by the fair value per share of the pools' underlying portfolio. The investment holdings with the County of Alameda account for approximately 3 percent of MTC's investment portfolio. Deposits with the County of Alameda are available for immediate withdrawal.

MTC holds \$316,087 and \$307,654 at June 30, 2009 and 2008 in the Local Agency Investment Fund (LAIF). MTC's investment policy allows investment in LAIF as authorized by Government Code section 16429. LAIF is a program created by statute as an investment alternative for California's local governments and special districts. LAIF investments account for approximately 0.01 percent of MTC's total cash and investment portfolio.

MTC's portfolio includes five and four money market mutual fund investments at June 30, 2009 and 2008, respectively. The mutual funds are California Asset Management Program, Columbia Government Reserves Adviser Fund, Dreyfus Government Cash Management Institutional Fund, BlackRock T-Fund Institutional, and the PFM Funds-Government Series.

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The mutual fund investments in MTC’s investment portfolio are expressed as a percentage of MTC’s total cash and investments as follows:

|                                       | <b>2009</b> | <b>2008</b> |
|---------------------------------------|-------------|-------------|
| Columbia Government Reserves Adviser  | 1%          | 0%          |
| Dreyfus Gov’t Cash Mgmt Institutional | 1%          | 0%          |
| BlackRock T- Fund Institutional       | 2%          | 5%          |
| California Asset Management Program   | 11%         | 0%          |
| PFM Funds Gov’t Series                | 2%          | 0%          |
| Cadre Reserve Fund-US Gov’t Series    | 0%          | 1%          |
| Columbia Treasury Reserves Adviser    | 0%          | 1%          |
| Dreyfus Treasury and Agency Cash Mgmt | 0%          | 1%          |

The BlackRock T-Fund Institutional is part of the overnight sweep fund utilized by Union Bank accounts, and invests primarily in money market instruments including U.S. Treasury bills, notes, obligations guaranteed by the U.S. Treasury and repurchase agreements fully collateralized by such obligations. The fund is rated “AAA” by both Standard & Poor’s and Moody’s.

The California Asset Management Program (CAMP) is a joint powers authority and common law trust. The Trust’s Cash Reserve Portfolio is a short-term money market portfolio, which seeks to preserve principal, provide daily liquidity and earn a high level of income consistent with its objectives of preserving principal. CAMP’s money market portfolio is rated “AAA” by Standard & Poor’s.

Columbia Government Reserves Advisor funds are part of the overnight sweep fund utilized by Bank of America checking accounts and invested in short term debt securities that have relatively low risk, including, in some cases, securities issued or guaranteed by the U.S. Government. The fund is rated “AAA” by both Standard & Poor’s and Moody’s.

The Dreyfus Government Cash Management fund is part of the overnight sweep fund utilized by Bank of New York custodial accounts and invests in securities issued or guaranteed as to the principal and interest by the U.S. government or its agents or instrumentalities, and repurchase agreements. The fund is rated “AAA” by both Standard & Poor’s and Moody’s.

PFM Funds Government Series invests in short-term government securities, repurchase agreements secured by government securities and money market mutual funds that invest exclusively in government securities and repurchase agreements secured by government securities. The fund is rated “AAA” by both Standard & Poor’s and Moody’s.

State law and MTC policy limit mutual fund investments to 20 percent of the portfolio, with no more than 10 percent of the portfolio in any single fund. All the mutual fund holdings are highly rated by Standard & Poor’s and Moody’s, and are considered to be cash and cash equivalents.

The Government-Sponsored Enterprises (GSE) holdings carry “AAA” ratings. Neither State law nor MTC policy imposes a limit to the amount of GSE within the portfolio. The GSE

# Metropolitan Transportation Commission

## Financial Statements for the years ended June 30, 2009 and 2008

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holdings include Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), and Tennessee Valley Authority (TVA).

BATA repurchased \$110 million of its own VRDOs on May 2009 and held them pending reoffering of the VRDOs. BATA includes these as current unrestricted cash and cash equivalents at June 30, 2009. The BATA 2008 Series A1 bonds were part of the August 2009 reoffering as described in Note 13.

#### **C. Deposit and Investment Risk Factors**

There are many factors that can affect the value of investments. MTC invests substantially in fixed income securities, which are affected by credit risk, custodial credit risk, concentration of credit risk, and interest rate risk. The credit ratings of MTC's income securities holdings are discussed in Note 1.F.

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

Fixed income securities are subject to credit risk, which is the possibility that the security issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline.

A bond's credit quality is an assessment of the issuer's ability to pay principal and interest on the bond. Credit quality may be evaluated by a nationally recognized independent credit-rating agency. The lower the rating is, the greater the chance (in the opinion of the rating agency) that the bond issuer will default, or fail to meet its obligations.

##### **ii.) Custodial Credit Risk**

Custodial credit risk is the risk that in the event of the failure of the custodian, the investments may not be recovered. All securities are held in independent safekeeping accounts maintained with Union Bank or Bank of New York Mellon (BONY), and are held in the name of MTC. As a result, custodial credit risk is remote.

##### **iii) Concentration of Credit Risk**

Concentration of credit risk is the risk associated with lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory or credit developments. Investments in issuers that represent 5 percent or more of total cash and investments at June 30, 2009 and 2008 are as follows:

|   | <b>2009</b> | <b>2008</b> |
|---|-------------|-------------|
| Federal Home Loan Bank (FHLB)           | 32%         | 46%         |
| Federal Home Loan Mortgage Corp (FHLMC) | 17%         | 36%         |
| State of California                     | 8%          | 0%          |

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**iv) Interest Rate Risk**

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

MTC holds \$30 million in investments tied to floating rate benchmarks. The rate on the investment will reset monthly or quarterly and is based on a LIBOR (London Interbank Offering Rate) index.

The floating rate securities are summarized as follows:

| Investment | Par Value    | Structure   | Final Maturity |
|------------|--------------|---|----------------|
| FHLB       | \$5 million  | 1 month LIBOR – (net) 14 basis points to maturity | 8/09           |
| FHLB       | \$25 million | 3 month LIBOR – (net) 18 basis points to maturity | 12/09          |

The weighted average maturities of MTC's Government Sponsored Enterprises (GSE) securities (expressed in number of years) at June 30, 2009 and 2008 are as follows:

|  | <b>2009</b> | <b>2008</b> |
|--|-------------|-------------|
| Government-sponsored enterprises       |             |             |
| Federal Home Loan Bank                 | 0.08        | 0.14        |
| Federal Home Loan Mortgage Corporation | 0.19        | 0.19        |
| Federal National Mortgage Association  | 0.07        | -           |
| Tennessee Valley Authority             | 1.55        | 2.55        |

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**4. CAPITAL ASSETS**

**A summary of changes in capital assets for the year ended June 30, 2009 is as follows:**

|  | <b>Beginning<br/>Balance<br/>July 1, 2008</b> | <b>Additions</b>    | <b>Retirements</b> | <b>Ending<br/>Balance<br/>June 30, 2009</b> |
|--|---|---------------------|--------------------|---|
| <b>Governmental activities</b>               |   |                     |                    |   |
| Capital assets, not being depreciated:       |   |                     |                    |   |
| Construction in progress                     | \$ 3,502,701                                  | \$ (3,502,701) *    | \$ -               | \$ -  |
| Office furniture and equipment               | -   | 48,391              | -                  | 48,391                                      |
| Total capital assets, not being depreciated  | <u>3,502,701</u>                              | <u>(3,454,310)</u>  | <u>-</u>           | <u>48,391</u>                               |
| Capital assets, being depreciated:           |   |                     |                    |   |
| Buildings and improvements                   | 8,854,704                                     | 3,723,244           | -                  | 12,577,948                                  |
| Office furniture and equipment               | 3,078,347                                     | 70,246              | -                  | 3,148,593                                   |
| Leased equipment                             | 168,489                                       | -                   | -                  | 168,489                                     |
| Automobiles                                  | 187,835                                       | -                   | -                  | 187,835                                     |
| Total capital assets being depreciated       | <u>12,289,375</u>                             | <u>3,793,490</u>    | <u>-</u>           | <u>16,082,865</u>                           |
| Less accumulated depreciation for:           |   |                     |                    |   |
| Buildings and improvements                   | 3,783,174                                     | 643,991             | -                  | 4,427,165                                   |
| Office furniture and equipment               | 2,900,340                                     | 59,594              | -                  | 2,959,934                                   |
| Leased equipment                             | 92,669  | 33,698              | -                  | 126,367                                     |
| Automobiles                                  | 160,816                                       | 14,198              | -                  | 175,014                                     |
| Total accumulated depreciation               | <u>6,936,999</u>                              | <u>751,481</u>      | <u>-</u>           | <u>7,688,480</u>                            |
| Total capital assets, being depreciated, net | <u>5,352,376</u>                              | <u>3,042,009</u>    | <u>-</u>           | <u>8,394,385</u>                            |
| Governmental activities capital assets, net  | <u>\$ 8,855,077</u>                           | <u>\$ (412,301)</u> | <u>\$ -</u>        | <u>\$ 8,442,776</u>                         |
| <br>   |   |                     |                    |   |
|  | <b>Beginning<br/>Balance<br/>July 1, 2008</b> | <b>Additions</b>    | <b>Retirements</b> | <b>Ending<br/>Balance<br/>June 30, 2009</b> |
| <b>Business-type activities</b>              |   |                     |                    |   |
| Capital assets, not being depreciated:       |   |                     |                    |   |
| Office furniture and equipment               | \$ 79,917                                     | \$ 1,872,662        | \$ -               | \$ 1,952,579                                |
| Intangible assets                            | 443,582                                       | 1,739,367           | -                  | 2,182,949                                   |
| Call boxes                                   | 377,285                                       | 1,668,396           | -                  | 2,045,681                                   |
| Total capital assets, not being depreciated  | <u>900,784</u>                                | <u>5,280,425</u>    | <u>-</u>           | <u>6,181,209</u>                            |
| Capital assets, being depreciated:           |   |                     |                    |   |
| Office furniture and equipment               | 4,391,330                                     | 85,193              | -                  | 4,476,523                                   |
| Building and improvements                    | 3,134,200                                     | -                   | -                  | 3,134,200                                   |
| Automobiles                                  | -   | 54,262              | -                  | 54,262                                      |
| Intangible assets                            | 1,152,679                                     | -                   | -                  | 1,152,679                                   |
| Call boxes                                   | 10,811,671                                    | 197,768             | -                  | 11,009,439                                  |
| Total capital assets being depreciated       | <u>19,489,880</u>                             | <u>337,223</u>      | <u>-</u>           | <u>19,827,103</u>                           |
| Less accumulated depreciation for:           |   |                     |                    |   |
| Office furniture and equipment               | 1,998,423                                     | 526,802             | -                  | 2,525,225                                   |
| Building and improvements                    | 348,112                                       | 130,420             | -                  | 478,532                                     |
| Automobiles                                  | -   | 8,196               | -                  | 8,196                                       |
| Intangible assets                            | 136,515                                       | 164,829             | -                  | 301,344                                     |
| Call boxes                                   | 9,701,628                                     | 214,294             | -                  | 9,915,922                                   |
| Total accumulated depreciation               | <u>12,184,678</u>                             | <u>1,044,541</u>    | <u>-</u>           | <u>13,229,219</u>                           |
| Total capital assets, being depreciated, net | <u>7,305,202</u>                              | <u>(707,318)</u>    | <u>-</u>           | <u>6,597,884</u>                            |
| Business-type activities capital assets, net | <u>\$ 8,205,986</u>                           | <u>\$ 4,573,107</u> | <u>\$ -</u>        | <u>\$ 12,779,093</u>                        |

\* Transfers to Building and Improvements (\$3,502,701).

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2009 and 2008**  
**Notes to Financial Statements**

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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

|  |                   |
|--|-------------------|
| General government                                   | \$ 751,481        |
| Total depreciation expense - governmental activities | <u>\$ 751,481</u> |

Business-type activities:

|   |                     |
|---|---------------------|
| Toll bridge   | \$ 759,887          |
| Congestion relief                                     | <u>284,654</u>      |
| Total depreciation expense - business-type activities | <u>\$ 1,044,541</u> |



**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2009 and 2008**  
**Notes to Financial Statements**

A summary of changes in capital assets for the year ended June 30, 2008 is as follows:

|  | <b>Beginning<br/>Balance<br/>July 1, 2007</b> | <b>Additions</b>    | <b>Retirements</b> | <b>Ending<br/>Balance<br/>June 30, 2008</b> |
|--|---|---------------------|--------------------|---|
| <b>Governmental activities</b>               |   |                     |                    |   |
| Capital assets, not being depreciated:       |   |                     |                    |   |
| Construction in progress                     | \$ 337,020                                    | \$ 3,165,681        | \$ -               | \$ 3,502,701                                |
| Total capital assets, not being depreciated  | <u>337,020</u>                                | <u>3,165,681</u>    | <u>-</u>           | <u>3,502,701</u>                            |
| Capital assets, being depreciated:           |   |                     |                    |   |
| Buildings and improvements                   | 8,751,073                                     | 103,631             | -                  | 8,854,704                                   |
| Office furniture and equipment               | 3,048,677                                     | 29,670              | -                  | 3,078,347                                   |
| Leased equipment                             | 168,489                                       | -                   | -                  | 168,489                                     |
| Automobiles                                  | 177,029                                       | 27,151              | (16,345)           | 187,835                                     |
| Total capital assets being depreciated       | <u>12,145,268</u>                             | <u>160,452</u>      | <u>(16,345)</u>    | <u>12,289,375</u>                           |
| Less accumulated depreciation for:           |   |                     |                    |   |
| Buildings and improvements                   | 3,291,096                                     | 492,078             | -                  | 3,783,174                                   |
| Office furniture and equipment               | 2,837,155                                     | 63,185              | -                  | 2,900,340                                   |
| Leased equipment                             | 58,972  | 33,697              | -                  | 92,669                                      |
| Automobiles                                  | 161,587                                       | 15,574              | (16,345)           | 160,816                                     |
| Total accumulated depreciation               | <u>6,348,810</u>                              | <u>604,534</u>      | <u>(16,345)</u>    | <u>6,936,999</u>                            |
| Total capital assets, being depreciated, net | <u>5,796,458</u>                              | <u>(444,082)</u>    | <u>-</u>           | <u>5,352,376</u>                            |
| Governmental activities capital assets, net  | <u>\$ 6,133,478</u>                           | <u>\$ 2,721,599</u> | <u>\$ -</u>        | <u>\$ 8,855,077</u>                         |
| <br>   |   |                     |                    |   |
|  | <b>Beginning<br/>Balance<br/>July 1, 2007</b> | <b>Additions</b>    | <b>Retirements</b> | <b>Ending<br/>Balance<br/>June 30, 2008</b> |
| <b>Business-type activities</b>              |   |                     |                    |   |
| Capital assets, not being depreciated:       |   |                     |                    |   |
| Office furniture and equipment               | \$ -  | \$ 79,917           | \$ -               | \$ 79,917                                   |
| Intangible assets                            | -   | 443,582             | -                  | 443,582                                     |
| Call boxes                                   | 706,450                                       | (329,165)           | -                  | 377,285                                     |
| Total capital assets, not being depreciated  | <u>706,450</u>                                | <u>194,334</u>      | <u>-</u>           | <u>900,784</u>                              |
| Capital assets, being depreciated:           |   |                     |                    |   |
| Office furniture and equipment               | 2,705,559                                     | 1,685,771           | -                  | 4,391,330                                   |
| Building and improvements                    | 3,134,200                                     | -                   | -                  | 3,134,200                                   |
| Intangible assets                            | -   | 1,152,679           | -                  | 1,152,679                                   |
| Call boxes                                   | 10,313,695                                    | 523,091             | (25,115)           | 10,811,671                                  |
| Total capital assets being depreciated       | <u>16,153,454</u>                             | <u>3,361,541</u>    | <u>(25,115)</u>    | <u>19,489,880</u>                           |
| Less accumulated depreciation for:           |   |                     |                    |   |
| Office furniture and equipment               | 1,517,818                                     | 480,605             | -                  | 1,998,423                                   |
| Building and improvements                    | 217,692                                       | 130,420             | -                  | 348,112                                     |
| Intangible assets                            | -   | 136,515             | -                  | 136,515                                     |
| Call boxes                                   | 9,528,064                                     | 198,648             | (25,084)           | 9,701,628                                   |
| Total accumulated depreciation               | <u>11,263,574</u>                             | <u>946,188</u>      | <u>(25,084)</u>    | <u>12,184,678</u>                           |
| Total capital assets, being depreciated, net | <u>4,889,880</u>                              | <u>2,415,353</u>    | <u>(31)</u>        | <u>7,305,202</u>                            |
| Business-type activities capital assets, net | <u>\$ 5,596,330</u>                           | <u>\$ 2,609,687</u> | <u>\$ (31)</u>     | <u>\$ 8,205,986</u>                         |

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2009 and 2008**  
**Notes to Financial Statements**

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Depreciation expense was charged to functions/programs of the primary government as follows:

|   |                   |
|---|-------------------|
| Governmental activities:                              |                   |
| General government                                    | \$ 604,534        |
| Total depreciation expense - governmental activities  | <u>\$ 604,534</u> |
| Business-type activities:                             |                   |
| Toll bridge   | \$ 680,663        |
| Congestion relief                                     | 265,525           |
| Total depreciation expense - business-type activities | <u>\$ 946,188</u> |

**Metropolitan Transportation Commission**  
**Financial Statements for the years ended June 30, 2009 and 2008**  
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**5. LONG-TERM DEBT**

Toll Revenue Bonds were issued by BATA in May 2001, February 2003, October 2004, February 2006, April 2006, May 2007, October 2007, and June 2008 to (i) finance the cost of the design and construction of eligible projects of Regional Measure 1, Regional Measure 2, and the Seismic Retrofit projects for the Bay Area Bridges, (ii) to finance a Reserve Fund (iii) pay costs incurred in connection with the issuance of the bonds, and (iv) defease or refund bonds.

Toll Revenue Bonds were reoffered during August 2008 for 2001 Series A-C, 2003 Series C, 2004 Series A-C, 2006 Series B1 and C, and 2007 Series A1, C1, G1, A2, B2, C2, D2, E3, and G2-G3 as uninsured variable rate bonds.

Toll Revenue Bonds were issued during August 2008 (2008 Series F1) to (i) refund and fix the 2003 Series A-B, 2006 Series A1, D2, and E1, 2007 Series B1, D1, and E1-E2 variable rate bonds insured by Ambac Assurance Corporation, (ii) pay costs incurred in connection with the issuance of the 2008 Series F1 bonds, (iii) finance the Reserve Fund, and (iv) pay remarketing costs of certain of the variable rate bonds. This refunding was recorded as a current refunding in accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*.

During May 2009 BATA repurchased \$110 million of its 2008 Series A1 bonds. These repurchased bonds were held and reported as an investment by BATA through the date of a subsequent effective reoffering that occurred in August 2009.

Component Unit – BAIFA – State Payment Acceleration Notes (SPANs) were issued during December 2006 (2006 SPANs) to (i) finance the costs of the design and construction of the Toll Bridge Seismic Retrofit Capital Program for the Bay Area bridges and (ii) pay costs incurred in connection with the issuance of the 2006 SPANs. More information is presented in Note 1.N.

# Metropolitan Transportation Commission

## Financial Statements for the years ended June 30, 2009 and 2008

### Notes to Financial Statements

A summary of changes in long-term debt for the year ended June 30, 2009 is as follows:

#### Business-type activities

|  | Issue Date | Interest Rate           | Calendar Maturity Year | Original Amount         | Beginning Balance July 1, 2008 | Additions             | Reductions              | Ending Balance June 30, 2009 | Due Within One Year  |
|--|------------|-------------------------|------------------------|-------------------------|--------------------------------|-----------------------|-------------------------|------------------------------|----------------------|
| 2001 Revenue Bond Series A             | 05/24/2001 | 4.10% <sup>(2)</sup>    | 2036                   | \$ 150,000,000          | \$ 150,000,000                 | \$ -                  | \$ -                    | \$ 150,000,000               | \$ -                 |
| 2001 Revenue Bond Series B             | 05/24/2001 | 4.120% <sup>(2)</sup>   | 2029                   | 75,000,000              | 75,000,000                     | -                     | -                       | 75,000,000                   | -                    |
| 2001 Revenue Bond Series C             | 05/24/2001 | 4.110% <sup>(2)</sup>   | 2025                   | 75,000,000              | 75,000,000                     | -                     | -                       | 75,000,000                   | -                    |
| 2001 Revenue Bond Series D             | 05/24/2001 | 4.860% <sup>(1,3)</sup> | 2011                   | 100,000,000             | 20,560,000                     | -                     | (6,570,000)             | 13,990,000                   | 6,830,000            |
| 2003 Revenue Bond Series A             | 02/12/2003 | 4.139% <sup>(2)</sup>   | 2038                   | 75,000,000              | 73,500,000                     | -                     | (73,500,000)            | -                            | -                    |
| 2003 Revenue Bond Series B             | 02/12/2003 | 4.139% <sup>(2)</sup>   | 2038                   | 75,000,000              | 73,600,000                     | -                     | (73,600,000)            | -                            | -                    |
| 2003 Revenue Bond Series C             | 02/12/2003 | 4.14% <sup>(2)</sup>    | 2037                   | 150,000,000             | 148,300,000                    | -                     | (1,700,000)             | 146,600,000                  | 1,800,000            |
| 2004 Revenue Bond Series A             | 10/05/2004 | 3.416% <sup>(2)</sup>   | 2039                   | 75,000,000              | 73,755,000                     | -                     | (1,305,000)             | 72,450,000                   | 1,340,000            |
| 2004 Revenue Bond Series B             | 10/05/2004 | 3.416% <sup>(2)</sup>   | 2039                   | 150,000,000             | 147,510,000                    | -                     | (2,610,000)             | 144,900,000                  | 2,695,000            |
| 2004 Revenue Bond Series C             | 10/05/2004 | 3.416% <sup>(2)</sup>   | 2039                   | 75,000,000              | 73,755,000                     | -                     | (1,300,000)             | 72,455,000                   | 1,350,000            |
| 2006 Revenue Bond Series (B1, C)       | 02/08/2006 | 3.730% <sup>(2)</sup>   | 2045                   | 1,000,000,000           | 500,000,000                    | -                     | (160,000,000)           | 340,000,000                  | -                    |
| 2006 Revenue Bond Series F             | 04/25/2006 | 4.590% <sup>(1)</sup>   | 2031                   | 1,149,205,000           | 1,099,090,000                  | -                     | (27,350,000)            | 1,071,740,000                | 28,480,000           |
| 2007 Rev Bond Ser(A1,C1,G1)            | 05/15/2007 | 3.734% <sup>(2)</sup>   | 2047                   | 500,000,000             | 500,000,000                    | -                     | (350,000,000)           | 150,000,000                  | -                    |
| 2007 Revenue Bond Series F             | 05/15/2007 | 4.440% <sup>(1)</sup>   | 2031                   | 310,950,000             | 310,560,000                    | -                     | (30,000)                | 310,530,000                  | 35,000               |
| 2007 Rev Bond Ser(A2-D2,E3, G2-G3)     | 10/25/2007 | 3.734% <sup>(2)</sup>   | 2047                   | 500,000,000             | 500,000,000                    | -                     | -                       | 500,000,000                  | -                    |
| 2008 Revenue Bond Series(A1-E1, G1)    | 06/05/2008 | 3.730% <sup>(2,4)</sup> | 2045                   | 507,760,000             | 507,760,000                    | -                     | -                       | 507,760,000                  | -                    |
| 2008 Revenue Bond Series F1            | 08/28/2008 | 5.324% <sup>(1)</sup>   | 2047                   | 707,730,000             | -                              | 707,730,000           | -                       | 707,730,000                  | -                    |
|  |            |                         |                        | <u>\$ 5,675,645,000</u> | <u>\$ 4,328,390,000</u>        | <u>\$ 707,730,000</u> | <u>\$ (697,965,000)</u> | <u>\$ 4,338,155,000</u>      | <u>\$ 42,530,000</u> |
| Unamortized bond premium/ discount     |            |                         |                        |                         | 20,560,807                     | (6,910,988)           | (866,180)               | 12,783,639                   |                      |
| Deferred charge on bond refunding      |            |                         |                        |                         | (11,095,509)                   | (48,984,267)          | 1,870,008               | (58,209,768)                 |                      |
| Net long-term debt as of June 30, 2009 |            |                         |                        |                         | <u>\$ 4,337,855,298</u>        | <u>\$ 651,834,745</u> | <u>\$ (696,961,172)</u> | <u>\$ 4,292,728,871</u>      |                      |
| Component Unit-BAIFA 2006 SPANs        | 12/14/2006 | 4.27% <sup>(5)</sup>    | 2017                   | \$ 972,320,000          | \$ 867,140,000                 | -                     | \$ (75,970,000)         | \$ 791,170,000               | \$ 8,720,000         |
| Unamortized bond premium               |            |                         |                        |                         | 45,689,269                     | -                     | (5,030,011)             | 40,659,258                   |                      |
| Net long-term debt as of June 30, 2009 |            |                         |                        |                         | <u>\$ 912,829,269</u>          | <u>\$ -</u>           | <u>\$ (81,000,011)</u>  | <u>\$ 831,829,258</u>        |                      |

(1) Fixed rate bonds

(2) Variable bonds have no stated rate; as such the weighted associated swap rate is presented. VRDBs are presented as long term debt in accordance with GASB Interpretation No. 1 as MTC have liquidity commitments obtained in support of the VRDBs. These commitments do not expire before June 30, 2010 and are not cancellable by the lender.

(3) 2001 Series D bonds are issued as fixed rate bonds with a final maturity of 2018 before the defeasance. Post defeasance final maturity is 2011. The bonds carry interest rates ranging from 4.0% in 2006 to 5.5% in 2011 with a true interest cost of 4.86%.

(4) Includes investment of \$110 million in 2008 Series A1 that was reoffered in August 2009.

(5) 2006 Bay Area Infrastructure Financing Authority SPANs were issued as fixed rate bonds with a final maturity of 2017. The bonds carried interest rates ranging from 4.0% in 2007 to 5.0% in 2017, or an all in true interest cost of 4.27%.

# Metropolitan Transportation Commission

## Financial Statements for the years ended June 30, 2009 and 2008

### Notes to Financial Statements

A summary of changes in long-term debt for the year ended June 30, 2008 is as follows:

#### Business-type activities

|  | Issue Date | Interest Rate           | Calendar Maturity Year | Original Amount         | Beginning Balance July 1, 2007 | Additions               | Reductions              | Ending Balance June 30, 2008 | Due Within One Year |
|--|------------|-------------------------|------------------------|-------------------------|--------------------------------|-------------------------|-------------------------|------------------------------|---------------------|
| 2001 Revenue Bond Series A             | 05/24/2001 | 4.10% <sup>(2)</sup>    | 2036                   | 150,000,000             | 150,000,000                    | -                       | -                       | 150,000,000                  | -                   |
| 2001 Revenue Bond Series B             | 05/24/2001 | 4.120% <sup>(2)</sup>   | 2029                   | 75,000,000              | 75,000,000                     | -                       | -                       | 75,000,000                   | -                   |
| 2001 Revenue Bond Series C             | 05/24/2001 | 4.110% <sup>(2)</sup>   | 2025                   | 75,000,000              | 75,000,000                     | -                       | -                       | 75,000,000                   | -                   |
| 2001 Revenue Bond Series D             | 05/24/2001 | 4.860% <sup>(1,3)</sup> | 2011                   | 100,000,000             | 26,785,000                     | -                       | (6,225,000)             | 20,560,000                   | 6,570,000           |
| 2003 Revenue Bond Series A             | 02/12/2003 | 4.139% <sup>(2)</sup>   | 2038                   | 75,000,000              | 75,000,000                     | -                       | (1,500,000)             | 73,500,000                   | 1,500,000           |
| 2003 Revenue Bond Series B             | 02/12/2003 | 4.139% <sup>(2)</sup>   | 2038                   | 75,000,000              | 75,000,000                     | -                       | (1,400,000)             | 73,600,000                   | 1,600,000           |
| 2003 Revenue Bond Series C             | 02/12/2003 | 7.00% <sup>(2)</sup>    | 2037                   | 150,000,000             | 150,000,000                    | -                       | (1,700,000)             | 148,300,000                  | 1,700,000           |
| 2004 Revenue Bond Series A             | 10/05/2004 | 3.416% <sup>(2)</sup>   | 2039                   | 75,000,000              | 75,000,000                     | -                       | (1,245,000)             | 73,755,000                   | 1,305,000           |
| 2004 Revenue Bond Series B             | 10/05/2004 | 3.416% <sup>(2)</sup>   | 2039                   | 150,000,000             | 150,000,000                    | -                       | (2,490,000)             | 147,510,000                  | 2,610,000           |
| 2004 Revenue Bond Series C             | 10/05/2004 | 3.416% <sup>(2)</sup>   | 2039                   | 75,000,000              | 75,000,000                     | -                       | (1,245,000)             | 73,755,000                   | 1,300,000           |
| 2006 Revenue Bond Series (A-E)         | 02/08/2006 | 3.730% <sup>(2)</sup>   | 2045                   | 1,000,000,000           | 1,000,000,000                  | -                       | (500,000,000)           | 500,000,000                  | -                   |
| 2006 Revenue Bond Series F             | 04/25/2006 | 4.590% <sup>(1)</sup>   | 2031                   | 1,149,205,000           | 1,125,515,000                  | -                       | (26,425,000)            | 1,099,090,000                | 27,350,000          |
| 2007 Rev Bond Ser(A1-D1,E1-E2, G1)     | 05/15/2007 | 3.740% <sup>(2)</sup>   | 2047                   | 500,000,000             | 500,000,000                    | -                       | -                       | 500,000,000                  | -                   |
| 2007 Revenue Bond Series F             | 05/15/2007 | 4.440% <sup>(1)</sup>   | 2031                   | 310,950,000             | 310,950,000                    | -                       | (390,000)               | 310,560,000                  | 30,000              |
| 2007 Rev Bond Ser(A2-D2,E3 G2-G3)      | 10/25/2007 | 3.740% <sup>(2)</sup>   | 2047                   | 500,000,000             | -                              | 500,000,000             | -                       | 500,000,000                  | -                   |
| 2008 Revenue Bond Series(A1-E1, G1)    | 06/05/2008 | 3.730% <sup>(2)</sup>   | 2045                   | 507,760,000             | -                              | 507,760,000             | -                       | 507,760,000                  | -                   |
|  |            |                         |                        | <u>\$ 4,967,915,000</u> | <u>\$ 3,863,250,000</u>        | <u>\$ 1,007,760,000</u> | <u>\$ (542,620,000)</u> | <u>\$ 4,328,390,000</u>      | <u>43,965,000</u>   |
| Unamortized bond premium               |            |                         |                        |                         | 21,472,761                     |                         | (911,954)               | 20,560,807                   |                     |
| Deferred charge on refunding           |            |                         |                        |                         | (2,231,071)                    | (9,090,067)             | 225,629                 | (11,095,509)                 |                     |
| Net long-term debt as of June 30, 2008 |            |                         |                        |                         | <u>\$ 3,882,491,690</u>        | <u>\$ 998,669,933</u>   | <u>\$ (543,306,325)</u> | <u>\$ 4,337,855,298</u>      |                     |
| Component Unit-BAIFA 2006 SPANs        | 12/14/2006 | 4.27% <sup>(4)</sup>    | 2017                   | \$ 972,320,000          | \$ 972,320,000                 | -                       | \$ (105,180,000)        | \$ 867,140,000               | \$ 69,770,000       |
| Unamortized bond premium               |            |                         |                        |                         | 50,548,994                     | -                       | (4,859,725)             | 45,689,269                   |                     |
| Net long-term debt as of June 30, 2008 |            |                         |                        |                         | <u>\$ 1,022,868,994</u>        | <u>\$ -</u>             | <u>\$ (110,039,725)</u> | <u>\$ 912,829,269</u>        |                     |

(1) Fixed rate bonds

(2) Variable bonds have no stated rate; as such the weighted associated swap rate is presented. VRDBs are presented as long term debt in accordance with GASB Interpretation No. 1 as MTC have liquidity commitments obtained in support of the VRDBs. These commitments do not expire before June 30, 2010 and are not cancellable by the lender.

(3) 2001 Series D bonds are issued as fixed rate bonds with a final maturity of 2018 before the defeasance. Post defeasance final maturity is 2011. The bonds carry interest rates ranging from 4.0% in 2006 to 5.5% in 2011 with a true interest cost of 4.86%.

(4) 2006 Bay Area Infrastructure Financing Authority SPANs were issued as fixed rate bonds with a final maturity of 2017. The bonds carried interest rates ranging from 4.0% in 2007 to 5.0% in 2017, or an all in true interest cost of 4.27%.

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**Financial Statements for the years ended June 30, 2009 and 2008**  
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**Annual funding requirements**

The annual funding requirements (principal and interest) for the debt outstanding of the business-type activities at June 30, 2009 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>   |
| 2010                            | \$ 42,530,000             | \$ 185,299,360           | \$ 227,829,360          |
| 2011                            | 44,580,000                | 183,482,740              | 228,062,740             |
| 2012                            | 46,570,000                | 181,578,556              | 228,148,556             |
| 2013                            | 48,580,000                | 179,589,371              | 228,169,371             |
| 2014                            | 55,005,000                | 177,514,331              | 232,519,331             |
| 2015-2019                       | 343,180,000               | 848,461,562              | 1,191,641,562           |
| 2020-2024                       | 445,155,000               | 766,362,741              | 1,211,517,741           |
| 2025-2029                       | 567,565,000               | 661,356,474              | 1,228,921,474           |
| 2030-2034                       | 787,315,000               | 524,724,649              | 1,312,039,649           |
| 2035-2039                       | 889,925,000               | 337,713,958              | 1,227,638,958           |
| 2040-2044                       | 741,770,000               | 167,042,387              | 908,812,387             |
| 2045-2047                       | 325,980,000               | 24,255,494               | 350,235,494             |
|                                 | <u>\$ 4,338,155,000</u>   | <u>\$ 4,237,381,623</u>  | <u>\$ 8,575,536,623</u> |

**Component Unit - BAIFA**

| <b>Fiscal Year Ending</b> | <b>Principal Payments</b> | <b>Interest Payments</b> | <b>Total Payments</b>   |
|---------------------------|---------------------------|--------------------------|-------------------------|
| 2010                      | \$ 8,720,000              | \$ 33,782,959            | \$ 42,502,959           |
| 2011                      | 17,020,000                | 33,410,615               | 50,430,615              |
| 2012                      | 12,820,000                | 32,683,861               | 45,503,861              |
| 2013                      | 19,795,000                | 32,136,447               | 51,931,447              |
| 2014                      | 40,350,000                | 31,291,200               | 71,641,200              |
| 2015-2018                 | 692,465,000               | 110,363,488              | 802,828,488             |
|                           | <u>\$ 791,170,000</u>     | <u>\$ 273,668,570</u>    | <u>\$ 1,064,838,570</u> |

**Bond Covenants -BATA**

The 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 covenanted to establish a Reserve Fund

# Metropolitan Transportation Commission

## Financial Statements for the years ended June 30, 2009 and 2008

### Notes to Financial Statements

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under the 2001 indenture. The current reserve requirement is \$269,641,011 to be used to pay debt service if pledged revenues are insufficient to satisfy the debt service payments.

In the fifth supplemental indenture dated February 2006, BATA covenanted to maintain toll revenue at levels that result in net operating revenue greater than 1.2 times annual debt service costs as defined in the master indenture dated May 1, 2001. In addition, BATA has agreed to maintain tolls at a level where net operating revenue plus the balance in the operations and maintenance reserve is at least 1.25 times total “fixed costs” as well as maintaining tolls at levels exceeding 1.0 times all fixed costs as costs are defined in this indenture.

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

BATA has covenanted to maintain an operations and maintenance reserve of two times the adopted operations and maintenance budget for Caltrans toll operations and maintenance costs. At June 30, 2009, BATA had restricted \$150 million as the restricted operations and maintenance reserve. BATA has also covenanted to maintain an emergency extraordinary loss reserve of not less than \$50 million. These amounts are shown as restricted assets for the year ended June 30, 2009. In addition, the BATA board has authorized a total of \$600 million for emergency extraordinary loss reserves, which includes \$70 million bridge rehabilitation as well as the \$200 million committed in the bond covenants.

The bonds issued by BATA are collateralized by a first lien on all of its revenues after a provision for Caltrans costs for operations and maintenance of toll facilities and are not an obligation of the MTC primary government or any component unit other than BATA.

In August 2008, BATA reoffered \$1,733,320,000 of 2001 Series A-C, 2003 Series C, 2004 Series A-C, 2006 Series B1 and C and 2007 Series A1, C1, G1, A2, B2, C2, D2, E3, and G2-G3 of uninsured variable rate demand bonds (VRDBs). BATA’s VRDB is a tax-exempt bond that reflects a floating interest rate that is reset every seven days. The investors have an option to tender or put securities at par with seven days notice. BATA also issued \$707,730,000 of 2008 Series F1 Fixed bonds. A portion of the 2008 Series F1 proceeds, \$657,100,000, was applied to the refunding of the 2003 Series A and B, 2006 Series A1, D2 and E1, and 2007 Series B1, D1, and E1-E2. Another \$30,518,323 was deposited to Reserve Fund with the remainder of the proceeds was applied to issuance costs for the 2008 Series F1 and the 2008 Reoffered bonds. Ambac was downgraded several notches below “AA”, which caused market volatility in the weekly pricing of BATA’s insured VRDBs. The transaction was completed with the business purpose of removing Ambac’s underlying insurance on the VRDBs that had caused interest rates to increase sharply and does not provide any economic gain or loss. The difference between the reacquisition price and the net carrying amount of the old debt is \$10,696,513, which is reported as a deferred charge.

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#### **Bond Covenants – BAIFA**

The BAIFA State Payment Acceleration Notes (SPANs) are payable solely from “Pledged Revenues” of BAIFA. The Indenture of Trust, dated December 1, 2006, defines Pledged Revenues as all scheduled payments allocated by the California Transportation Commission (CTC) to BAIFA, as well as revenue and all amounts held by the Trustee in each fund and account established under the indenture.

The SPANs issued by BAIFA do not constitute debt of the State, MTC, or BATA or any other political subdivisions of the State, MTC or BATA. More information is presented in Note 1.L.

#### **Derivative Instruments**

MTC has adopted GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as discussed in Note 1.N.

MTC enters into derivative instruments to hedge interest rate risk and not for speculative or trading purposes. Existing derivatives are composed solely of interest rate swaps. All the derivative instruments were issued as hedges of MTC’s bonds and were determined to be effective at June 30, 2008. As such, the fair value of the derivative instruments, (\$158,599,966), was recorded in the Statement of Net Assets as a non-current liability with the corresponding amount being recorded as a deferred outflow. The derivative instruments were also determined to be effective hedging derivatives at June 30, 2009 except for a portion of the Series 2003, 2006 and 2007 pay-fixed interest rate swaps for which the hedged items for these derivative instruments were refunded in August 2008. Accordingly, the accumulated changes in fair value of the swap that were reported as a deferred outflow of resources of \$28,290,143 at June 30, 2008 and \$9,997,611 through the date of the transaction in August 2008 for a total of \$38,287,754 was deferred in accordance with GASB Statement No. 23 over the life of the bonds. Hence, these swaps are now considered investment derivative instruments. Some of these investment derivatives were terminated in July 2009; see Note 13 on Subsequent Events.

The fair value of the hedged and investment derivatives was (\$411,060,427) at June 30, 2009 and recorded in the Statement of Net Assets as a non-current liability. The change in the hedging derivatives was recorded as deferred outflows of \$334,053,518 and the change in investment derivatives of \$38,719,155 was recorded as an offset to investment income. See Note 1.S. for further details.

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. The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2009, classified by type, and the changes in fair value of such derivative instruments as reported in the financial statements is as follows:



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| Business-type Activities     | Changes in Fair Value since June 30, 2008 |                | Fair Value at June 30, 2009 |                         | Notional         |
|------------------------------|---|----------------|-----------------------------|-------------------------|------------------|
|                              | Classification                            | Amount         | Classification              | Amount                  |                  |
| Cash flow hedges:            |   |                |                             |                         |                  |
| Pay-fixed interest rate swap | Deferred Outflow of Resources             | \$ 192,003,537 | Noncurrent Liabilities      | \$ (322,313,361)        | \$ 2,783,600,000 |
| Pay-fixed interest rate swap | Investment revenue                        | 38,719,155     | Noncurrent Liabilities      | (77,006,909)            | 557,200,000      |
| Fair Value hedges:           |   |                |                             |                         |                  |
| Receive-fixed interest swap  | Deferred Outflow of Resources             | 11,740,157     | Noncurrent Liabilities      | (11,740,157)            | 557,200,000      |
|                              |   |                |                             | <u>\$ (411,060,427)</u> |                  |

As of August 2008, a portion of the pay-fixed interest swap listed as a cash value hedge no longer qualified for hedge accounting as the bonds were refunded.

**Objective and Terms of Hedging Derivative Instruments**

The following table displays the objective and terms of the derivative instruments outstanding at June 30, 2009, along with the credit rating of the associated counterparty as well as the fair value of the derivative instrument.

|   | Standard & Poor's | Moody's |
|---|-------------------|---------|
| Ambac Financial Services                        | BBB               | Ba3     |
| Bank of America, N.A.                           | A+                | Aa3     |
| Bank of New York Mellon                         | AA                | Aaa     |
| Citibank, N.A.                                  | A+                | A1      |
| Citigroup Financial Products                    | A                 | A3      |
| Goldman Sachs Mitsui Marine Derivative Products | AAA               | Aa1     |
| JP Morgan Chase Bank, N.A.                      | AA-               | Aa1     |
| JP Morgan Chase Bank, N.A. AAA Enhanced ISDA    | AAA               | Aaa     |
| Morgan Stanley Capital Services                 | A                 | A2      |

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| Amortized<br>Notional Value | Counterparty                             | Fixed Payer<br>Rate <sup>(A)</sup>            | Value due from /<br>(to) counterparty<br>Jun 30, 2009 | Value due from /<br>(to) counterparty<br>Jun 30, 2008 |
|-----------------------------|--|---|---|---|
| \$75 million                | Ambac Financial Services                 | 4.110%  | \$ (12,358,585)                                       | \$ (7,898,320)  |
| \$75 million                | Ambac Financial Services                 | 4.120%  | (14,879,183)  | (9,215,923)   |
| \$75 million                | Morgan Stanley Capital Services          | 4.090%  | (16,741,156)  | (9,995,740)   |
| \$75 million                | Citigroup Financial Products             | 4.100%  | (16,857,869)  | (10,105,118)  |
| \$193.8 million             | Ambac Financial Services                 | 4.139%  | (37,404,325)  | (23,360,198)  |
| \$289.8 million             | Ambac Financial Services                 | 3.416%  | (26,124,014)  | (9,421,674)   |
| \$315 million               | Ambac Financial Services                 | 3.647% <sup>1</sup>                           | (46,867,070)  | (25,143,744)  |
| \$30 million                | Bank of America, N.A.                    | 3.633%  | (4,391,196)   | (1,443,910)   |
| \$225 million               | Citibank, N.A.                           | 3.638%  | (26,542,353)  | (9,004,894)   |
|                             | JP Morgan Chase Bank, N.A. AAA           |   |   |   |
| \$245 million               | Enhanced ISDA                            | 4.000%  | (32,226,004)  | (8,670,225)   |
| \$125 million               | Ambac Financial Services                 | 3.641% <sup>2</sup>                           | (18,804,788)  | (20,975,864)  |
| \$50 million                | Bank of America, N.A.                    | 3.626%  | (7,386,444)   | (2,376,005)   |
| \$260 million               | Citibank, N.A.                           | 3.636%  | (31,164,278)  | (10,486,639)  |
|                             | JP Morgan Chase Bank, N.A. AAA           |   |   |   |
| \$270 million               | Enhanced ISDA                            | 4.000%  | (36,089,708)  | (10,501,712)  |
| \$125 million               | Bank of America, N.A.                    | 3.642% <sup>3</sup>                           | (18,489,379)  | -   |
|                             | Goldman Sachs Mitsui Marine Derivative   |   |   |   |
| \$60 million                | Products                                 | 3.642% <sup>3</sup>                           | (8,874,902)   | -   |
|                             | Goldman Sachs Mitsui Marine Derivative   |   |   |   |
| \$85 million                | Products                                 | 3.636% <sup>3</sup>                           | (12,712,146)  | -   |
| \$170 million               | Bank of New York Mellon                  | 3.636% <sup>3</sup>                           | (25,424,162)  | -   |
| \$40 million                | Bank of New York Mellon                  | 3.636% <sup>3</sup>                           | (5,982,707)   | -   |
|                             | Total Fixed Payer Swap                   |   | <u>(399,320,269)</u>                                  | <u>(158,599,966)</u>                                  |
|                             |  | <b>Fixed Receiver<br/>Rate <sup>(B)</sup></b> | \$ -  |   |
| \$145.4 million             | JP Morgan, Chase Bank, N.A.              | 3.903%  | (2,698,174)   | -   |
| \$146.4 million             | Bank of New York Mellon                  | 4.040%  | (2,927,345)   | -   |
| \$105.4 million             | Citibank, N.A.                           | 3.967%  | (2,677,260)   | -   |
| \$160 million               | Bank of America, N.A.                    | 4.013%  | (3,437,379)   | -   |
|                             | Total Fixed Receiver Swap                |   | <u>(11,740,158)</u>                                   | <u>-</u>  |
|                             | Total Derivative Instrument - Fair Value |   | <u>\$ (411,060,427)</u>                               | <u>\$ (158,599,966)</u>                               |

(A) Cash flow hedge paying fixed rate receiving variable rate based on LIBOR index

(B) Fair value hedge receiving fixed rate paying variable rate based on SIFMA index

(1) Original notional amount was \$500,000,000

(2) Original notional amount was \$420,000,000

(3) Novated from Ambac Financial Services FY2009

The termination value, or fair value, BATA would pay to terminate all swaps is \$411 million on June 30, 2009 and \$159 million on June 30, 2008, respectively. The fair value was determined by an independent outside pricing service. BATA's intent, however, is to maintain the swap transactions for the life of the financing, notwithstanding market opportunities to restructure.

The schedules that follow show the total interest cost of the swap payments. The total cost is determined by calculating the fixed rate payment to the counterparty, netting the variable rate payment received from the counterparty, total variable bond interest payments to

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bondholders, plus any associated administrative costs associated with the swap and variable rate obligation.

In January 2002, BATA completed a contract to swap variable-to-fixed rate bonds with a notional amount of \$300 million. Counterparties to the transaction are Ambac for \$150 million, Citigroup for \$75 million and Morgan Stanley for \$75 million. During the 34-year term of the swap, BATA will pay each respective counterparty based on a fixed rate ranging from 4.09 percent to 4.12 percent while receiving a variable rate payment based on 65 percent of the one-month LIBOR index. The variable rate bonds associated with this swap were issued as part of BATA's 2001 \$300 million Toll Bridge Revenue Bond issue.

BATA completed a contract with Ambac to swap variable-to-fixed rate bonds with a notional amount of \$200 million. The amortized notional value of the swap at June 30, 2009 is \$193.8 million. The contract calls for BATA to pay Ambac a fixed rate of 4.139 percent with an effective date of March 2003. In exchange, BATA will receive a variable rate payment based on 65 percent of the one-month LIBOR rate for 35 year term of the 2003 financing. The variable rate bonds associated with this swap (\$75 million for Series A, \$75 million for Series B, and \$50 million for Series C) were issued as part of BATA's 2003 \$300 million Toll Bridge Revenue Bond issue.

In August 2004, BATA completed a contract with Ambac to swap variable-to-fixed rate bonds with a notional amount of \$300 million with an effective date of October 2004. The amortized notional amount of the swap at June 30, 2009 is \$289.8 million. The contract calls for BATA to pay Ambac a fixed rate of 3.416 percent. In exchange, BATA will receive a variable rate based on 54 percent of the one-month LIBOR rate and 54 basis points for 35 year term of the 2004 financing. The variable rate bonds associated with this swap were issued as part of BATA's 2004 \$300 million Toll Bridge Revenue Bond issue.

In November 2005, BATA approved a contract to swap variable-to-fixed rate bonds with a notional amount of \$1 billion with an effective date of February 2006. At June 30, 2009, the counterparties to the transactions are Ambac for \$315 million, JP Morgan AAA ISDA for \$245 million, Citibank for \$225 million and Bank of America for \$30 million. During the 39 year-term of the swap, BATA will pay each respective counterparty based on a fixed rate ranging from 3.63 percent to 4.00 percent. In exchange, BATA will receive a variable rate payment based on varying percentages of LIBOR.

BATA will receive from Ambac and Bank of America a variable rate payment based on 68 percent of the one-month LIBOR rate. BATA will receive from Citibank a variable rate payment based on 53.8 percent of the one-month LIBOR rate and 74 basis points. BATA will receive from JP Morgan a variable rate payment based on 67.8 percent of the 10 year LIBOR rate in years 1 through 30 (first leg) and a variable rate payment based on 75.105 percent of the one-month LIBOR in years 31 through 39 (second leg).

The variable rate bonds associated with this swap were issued as part of BATA's 2006 \$1 billion Toll Bridge Revenue Bond issuance. In June 2008, BATA refunded \$500 million of the XL insured 2006 Series A2-A3, B2, D1, D3, and E2 bonds with uninsured 2008 Series A1, B1, C1, D1, E1, and G1 bonds.

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In August and September 2008, BATA novated (or replaced) Ambac's \$125 million of the 2006 Series swap to Bank of America, N.A. and \$60 million to Goldman Sachs Mitsui Marine Derivative Products at a fixed rate of 3.6418%.

On November 30, 2005, BATA approved another contract to swap variable-to-fixed rate bonds with a notional amount of \$1 billion. The effective swap date on this contract was November 2007. Counterparties to the transactions are Ambac for \$420 million, JP Morgan for \$270 million, Citibank for \$260 million and Bank of America for \$50 million. During the 39-year term, BATA will pay each respective counterparty based on a fixed rate ranging from 3.63 percent to 4.00 percent. In exchange, BATA will receive a variable rate based on ranging percentages of LIBOR.

BATA will receive from Ambac and Bank of America a variable rate payment based on 68 percent of the one-month LIBOR rate. BATA will receive from Citibank a variable-rate payment based on 53.80 percent of the one-month LIBOR rate and 74 basis points. BATA will receive from JP Morgan a variable-rate payment based on 69.33 percent of the 1-year LIBOR rate in years 1 through 34 (first leg) and a variable-rate payment based on 75.08 percent of the one-month LIBOR in years 35 through 39 (second leg).

The \$500 million dollars in variable-rate bonds associated with this \$1 billion dollar swap were issued as part of BATA's 2007 Series A1-D1, E1-E2, and G1 Bonds. BATA issued the remaining \$500 million of the variable-rate bonds associated with this swap as part of the 2007 Series A2-D2, E3, G2-G3 Bonds.

In August and September 2008, BATA novated (or replaced) Ambac's \$210 million of the 2007 Series swap to Bank of New York Mellon and \$85 million to Goldman Sachs Mitsui Marine Derivative Products at a fixed rate of 3.6357%.

In August 2008, BATA refunded \$657.1 million in variable rate bonds, of which \$558.7 million were associated with floating-to-fixed rate swaps. The associated swaps included \$48.7 million of swap 2003 Series, \$160 million of swap 2006 Series, and \$350 million of swap 2007 Series. The floating-to-fixed rate swaps were left intact and hedged with four Securities Industry and Financial Markets Association (SIFMA) fixed to floating rate swaps. BATA approved contracts to execute SIFMA swaps with Bank of New York Mellon, Citigroup, N.A., Bank of America, N.A., and JP Morgan Chase Bank, N.A.

BATA will receive a fixed payment from the following counterparties: from Bank of New York Mellon a fixed rate of 4.04% on a notional amount of \$146.4 million, from JP Morgan Chase Bank, N.A. a fixed rate of 3.9025% on a notional amount of \$145.4 million, from Citibank, N.A. a fixed rate of 3.967% on a notional amount of \$105.4 million, and from Bank of America a fixed rate of 4.013% on a notional amount of \$160 million. The four counterparties to the SIFMA swaps have a right, but not the obligation, to terminate the swaps on April 1, 2011, without receiving a termination payment.

BATA entered into fixed to floating rate swaps as a means of lowering long-term debt costs while maintaining a hedge against increases in short-term rates. The SIFMA swaps (floating to fixed rate) were completed as a means to offset the fixed to floating rate swaps that remained after the associated floating rate debt was replaced with fixed rate debt. BATA is aware that swap transactions contain certain associated risks not traditionally associated with

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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, with the exception of JP Morgan Chase AAA Enhanced ISDA, address credit risk by requiring the counterparties to post collateral in the event of the following: 1. A counterparty's credit rating equals "A-", "A", or "A+" as determined by S&P or "A3", "A2", or "A1" as determined by Moody's and the market value of its swaps exceeds \$10 million, or 2. A counterparty's credit rating is below "A-", as determined by S&P or "A3" as determined by Moody's and the market value of its swaps exceeds \$0. JP Morgan Chase AAA Enhanced ISDA posts collateral regardless of ratings threshold and terminated value in accordance with the requirements imposed upon it by Moody's and Standard & Poor's.

As of June 30, 2009, counterparties were not required to post collateral with a third party safekeeping agent. However, as part of the JP Morgan AAA Enhanced ISDA, JP Morgan maintains a \$15 million pool of collateral as a means to maintain the AAA rating. At present, BATA is the only participant in the AAA ISDA pool.

As of June 30, 2009, debt service requirements of the variable rate debt and net swap payments for 2001 Series A, B and C, effective January 14, 2002, are as follows:

| <b>Payment Date</b> | <b>Notional Amortization</b> | <b>Variable Interest<sup>B</sup></b> | <b>Interest Rate Swaps, Net<sup>C</sup></b> | <b>Remarketing and Liquidity<sup>D</sup></b> | <b>Total Payment</b>  |
|---------------------|------------------------------|--------------------------------------|---|--|-----------------------|
| 4/1/2010            | \$ -                         | \$ 2,070,000                         | \$ 11,691,000                               | \$ 2,100,000                                 | \$ 15,861,000         |
| 4/1/2011            | -                            | 2,070,000                            | 11,691,000                                  | 2,100,000                                    | 15,861,000            |
| 4/1/2012            | -                            | 2,070,000                            | 11,691,000                                  | 2,100,000                                    | 15,861,000            |
| 4/1/2013            | -                            | 2,070,000                            | 11,691,000                                  | 2,100,000                                    | 15,861,000            |
| 4/1/2014            | -                            | 2,070,000                            | 11,691,000                                  | 2,100,000                                    | 15,861,000            |
| 4/1/2015-2036       | 300,000,000                  | 30,634,620                           | 173,019,006                                 | 31,078,600                                   | 234,732,226           |
|                     | <u>\$ 300,000,000</u>        | <u>\$ 40,984,620</u>                 | <u>\$ 231,474,006</u>                       | <u>\$ 41,578,600</u>                         | <u>\$ 314,037,226</u> |

As of June 30, 2009, debt service requirements of the variable rate debt for 2003 Series C and net swap payments for 2003 Swap Series, effective March 3, 2003, are as follows:

| <b>Payment Date</b> | <b>Notional Amortization</b> | <b>Variable Interest<sup>B</sup> (1)</b> | <b>Interest Rate Swaps, Net<sup>C</sup></b> | <b>Remarketing and Liquidity<sup>D</sup></b> | <b>Total Payment</b>  |
|---------------------|------------------------------|--|---|--|-----------------------|
| 4/1/2010            | \$ 3,300,000                 | \$ 1,011,540                             | \$ 7,618,278                                | \$ 1,026,200                                 | \$ 9,656,018          |
| 4/1/2011            | 3,500,000                    | 999,120                                  | 7,488,555                                   | 1,013,600                                    | 9,501,275             |
| 4/1/2012            | 3,600,000                    | 985,320                                  | 7,350,970                                   | 999,600                                      | 9,335,890             |
| 4/1/2013            | 3,800,000                    | 970,830                                  | 7,209,454                                   | 984,900                                      | 9,165,184             |
| 4/1/2014            | 4,000,000                    | 957,030                                  | 7,060,076                                   | 970,900                                      | 8,988,006             |
| 4/1/2015-2038       | 175,600,000                  | 13,895,910                               | 100,841,943                                 | 14,097,300                                   | 128,835,153           |
|                     | <u>\$ 193,800,000</u>        | <u>\$ 18,819,750</u>                     | <u>\$ 137,569,276</u>                       | <u>\$ 19,092,500</u>                         | <u>\$ 175,481,526</u> |

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As of June 30, 2009, debt service requirements of the variable rate debt and net swap payments for 2004 Series A, B and C, effective October 5, 2004, are as follows:

| <b>Payment Date</b> | <b>Notional Amortization</b> | <b>Variable Interest<sup>B</sup></b> | <b>Interest Rate Swaps, Net<sup>C</sup></b> | <b>Remarketing and Liquidity<sup>D</sup></b> | <b>Total Payment</b>  |
|---------------------|------------------------------|--------------------------------------|---|--|-----------------------|
| 4/1/2010            | \$ 5,385,000                 | \$ 1,999,655                         | \$ 7,832,560                                | \$ 2,028,635                                 | \$ 11,860,850         |
| 4/1/2011            | 5,590,000                    | 1,962,498                            | 7,687,019                                   | 1,990,940                                    | 11,640,457            |
| 4/1/2012            | 5,775,000                    | 1,923,927                            | 7,535,938                                   | 1,951,810                                    | 11,411,675            |
| 4/1/2013            | 6,040,000                    | 1,884,080                            | 7,379,857                                   | 1,911,385                                    | 11,175,322            |
| 4/1/2014            | 6,240,000                    | 1,842,404                            | 7,216,614                                   | 1,869,105                                    | 10,928,123            |
| 4/1/2015-2039       | 260,775,000                  | 26,788,871                           | 104,930,841                                 | 27,177,115                                   | 158,896,827           |
|                     | <u>\$ 289,805,000</u>        | <u>\$ 36,401,435</u>                 | <u>\$ 142,582,829</u>                       | <u>\$ 36,928,990</u>                         | <u>\$ 215,913,254</u> |

As of June 30, 2009, debt service requirements of the variable rate debt for 2006 Series B1, C and 2008 Series A1-E1, G1 and net swap payments for 2006 Swap Series, effective February 8, 2006, are as follows:

| <b>Payment Date</b> | <b>Notional Amortization</b> | <b>Variable Interest<sup>B</sup> (2)</b> | <b>Interest Rate Swaps, Net<sup>C</sup></b> | <b>Remarketing and Liquidity<sup>D</sup></b> | <b>Total Payment</b>    |
|---------------------|------------------------------|--|---|--|-------------------------|
| 4/1/2010            | \$ -                         | \$ 5,796,000                             | \$ 27,505,462                               | \$ 5,880,000                                 | \$ 39,181,462           |
| 4/1/2011            | -                            | 5,796,000                                | 27,505,462                                  | 5,880,000                                    | 39,181,462              |
| 4/1/2012            | -                            | 5,796,000                                | 27,505,462                                  | 5,880,000                                    | 39,181,462              |
| 4/1/2013            | -                            | 5,796,000                                | 27,505,462                                  | 5,880,000                                    | 39,181,462              |
| 4/1/2014            | -                            | 5,796,000                                | 27,505,462                                  | 5,880,000                                    | 39,181,462              |
| 4/1/2015-2045       | 1,000,000,000                | 145,504,889                              | 690,477,324                                 | 147,613,655                                  | 983,595,868             |
|                     | <u>\$ 1,000,000,000</u>      | <u>\$ 174,484,889</u>                    | <u>\$ 828,004,634</u>                       | <u>\$ 177,013,655</u>                        | <u>\$ 1,179,503,178</u> |

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As of June 30, 2009, debt service requirements of the variable rate debt for 2007 Series A1, C1, G1, A2 - D2, E3, G2 - G3 and net swap payments for 2007 Swap Series, effective November 1, 2007, are as follows:

| <b>Payment Date</b> | <b>Notional Amortization</b> | <b>Variable Interest<sup>B</sup> (3)</b> | <b>Interest Rate Swaps, Net<sup>C</sup></b> | <b>Remarketing and Liquidity<sup>D</sup></b> | <b>Total Payment</b>    |
|---------------------|------------------------------|--|---|--|-------------------------|
| 4/1/2010            | \$ -                         | \$ 4,485,000                             | \$ 28,427,941                               | \$ 4,550,000                                 | \$ 37,462,941           |
| 4/1/2011            | -                            | 4,485,000                                | 28,427,941                                  | 4,550,000                                    | 37,462,941              |
| 4/1/2012            | -                            | 4,485,000                                | 28,427,941                                  | 4,550,000                                    | 37,462,941              |
| 4/1/2013            | -                            | 4,485,000                                | 28,427,941                                  | 4,550,000                                    | 37,462,941              |
| 4/1/2014            | -                            | 4,485,000                                | 28,427,941                                  | 4,550,000                                    | 37,462,941              |
| 4/1/2015-2047       | 1,000,000,000                | 117,939,630                              | 747,484,291                                 | 119,648,900                                  | 985,072,821             |
|                     | <u>\$ 1,000,000,000</u>      | <u>\$ 140,364,630</u>                    | <u>\$ 889,623,996</u>                       | <u>\$ 142,398,900</u>                        | <u>\$ 1,172,387,526</u> |

As of June 30, 2009, debt service requirements of the fixed rate debt and net swap payments for 2008 Series F, effective August 28, 2008, are as follows:

| <b>Payment Date</b> | <b>Notional Amortization</b> | <b>Fixed Interest<sup>B</sup> (4)</b> | <b>Interest Rate Swaps, Net<sup>C</sup></b> | <b>Total Payment</b>  |
|---------------------|------------------------------|---------------------------------------|---|-----------------------|
| 4/1/2010            | \$ 1,500,000                 | \$ 28,559,561                         | \$ (20,240,646)                             | \$ 8,318,915          |
| 4/1/2011            | 1,500,000                    | 28,559,561                            | (20,186,157)                                | 8,373,404             |
| 4/1/2012            | 1,500,000                    | 28,559,561                            | (20,131,669)                                | 8,427,892             |
| 4/1/2013            | 1,800,000                    | 28,559,561                            | (20,077,180)                                | 8,482,381             |
| 4/1/2014            | 1,400,000                    | 28,559,561                            | (20,011,794)                                | 8,547,767             |
| 4/1/2015-2047       | 549,500,000                  | 702,900,411                           | (500,175,884)                               | 202,724,527           |
|                     | <u>\$ 557,200,000</u>        | <u>\$ 845,698,216</u>                 | <u>\$ (600,823,330)</u>                     | <u>\$ 244,874,886</u> |

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|   | Series 2001<br>Bonds <sup>A</sup> | Series 2003<br>Bonds | Series 2004<br>Bonds | Series 2006<br>Bonds | Series 2007<br>Bonds |
|---|-----------------------------------|----------------------|----------------------|----------------------|----------------------|
| Interest Rate Swap                              |                                   |                      |                      |                      |                      |
| Fixed payment to counterparty                   | 4.105%                            | 4.139%               | 3.416%               | 3.730%               | 3.734%               |
| LIBOR percentage of payments <sup>E</sup>       | -0.208%                           | -0.208%              | -0.713%              | -0.979%              | -0.891%              |
| Net interest rate swap payments <sup>C</sup>    | 3.897%                            | 3.931%               | 2.703%               | 2.751%               | 2.843%               |
| Variable rate bond coupon payments <sup>B</sup> | 0.690%                            | 0.690%               | 0.690%               | 0.690%               | 0.690%               |
| Synthetic interest rate on bonds                | 4.587%                            | 4.621%               | 3.393%               | 3.441%               | 3.533%               |
| Remarketing/liquidity fee <sup>D</sup>          | 0.700%                            | 0.700%               | 0.700%               | 0.700%               | 0.700%               |
| Total Cost                                      | 5.287%                            | 5.321%               | 4.093%               | 4.141%               | 4.233%               |

|  | Series 2008<br>Bonds |
|--|----------------------|
| Interest Rate Swap                           |                      |
| Fixed payment from counterparty              | -3.983%              |
| SIFMA <sup>F</sup>                           | 0.350%               |
| Net interest rate swap payments <sup>C</sup> | -3.633%              |
| Fixed rate bond coupon payments <sup>G</sup> | 5.126%               |
| Synthetic interest rate on bonds             | 1.493%               |
| Fees   | 0.000%               |
| Total Cost                                   | 1.493%               |

<sup>A</sup> Converted to 65% one month LIBOR on 1/1/06

<sup>B</sup> The ending average variable rate as of last June 2009 reset

<sup>C</sup> Net receipt/(payment)

<sup>D</sup> Remarketing/liquidity fees

<sup>E</sup> LIBOR rates as of last June 2009 reset

<sup>F</sup> SIFMA rates as of June 2009 reset

<sup>G</sup> Blended coupon

(1) Variable outstanding par \$146.6 million

(2) Variable outstanding par \$840 million

(3) Variable outstanding par \$650 million

(4) Fixed outstanding par \$707.73 million, but adjusted to \$557.2 million to match swap



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**6. LEASES**

**Capital Leases**

MTC leases copier equipment under capital leases which expire during fiscal year 2011. The assets and liabilities under this capital lease are recorded at the present value of the minimum lease payments. Minimum future lease payments under the capital lease are comprised of the following:

| <b>Governmental Activities</b>              |                         |
|---|-------------------------|
| <b>Year Ending June 30</b>                  | <b>Amount</b>           |
| 2010  | \$ 42,736               |
| 2011  | <u>10,684</u>           |
| Total                                       | 53,420                  |
| Less interest amounts                       | <u>(2,875)</u>          |
| Present value of net minimum lease payments | <u><u>\$ 50,545</u></u> |

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

The composition of interfund transfers as of June 30, 2009, is as follows:

| Transfer Out: | Transfer In:  |                                       |              |                     |                                    |            |              | Total         |
|---------------|---------------|---------------------------------------|--------------|---------------------|------------------------------------|------------|--------------|---------------|
|               | General       | AB 664 Net<br>Toll Revenue<br>Reserve | STA          | Capital<br>Projects | Non-Major<br>Governmental<br>Funds | SAFE       | BATA         |               |
| Non-Major     | \$ -          | \$ -                                  | \$ -         | \$ 1,354,777        | \$ -                               | \$ -       | \$ 1,260,000 | \$ 2,614,777  |
| General       | -             | -                                     | 2,047,373    | -                   | -                                  | -          | -            | 2,047,373     |
| STA           | 13,803,937    | -                                     | -            | 891,675             | 9,856,450                          | -          | -            | 24,552,062    |
| Capital       | 466,278       | -                                     | -            | -                   | -                                  | -          | -            | 466,278       |
| BATA          | 5,250,642     | 10,881,735                            | -            | 1,157,541           | 9,918,754                          | 761,000    | -            | 27,969,672    |
| SAFE          | 1,263,120     | -                                     | -            | 791,000             | -                                  | -          | -            | 2,054,120     |
| Total         | \$ 20,783,977 | \$ 10,881,735                         | \$ 2,047,373 | \$ 4,194,993        | \$ 19,775,204                      | \$ 761,000 | \$ 1,260,000 | \$ 59,704,282 |

**Due to/from other funds**

| Receivable Fund | Payable Fund | Amount       |
|-----------------|--------------|--------------|
| General         | Capital      | \$ 5,495,453 |
| General         | STA          | 1,133,702    |
| General         | Non-Major    | 49,242       |
| General         | BATA         | 176,237      |
| General         | SAFE         | 84,880       |
| Capital         | STA          | 213,338      |
| Capital         | Non-Major    | 788,255      |
| Capital         | BATA         | 255,104      |
| Capital         | General      | 499,769      |
| Non-Major       | BATA         | 210,076      |
| SAFE            | General      | 3,099,492    |
| BATA            | AB664        | 99,751       |
| BATA            | Non-Major    | 10,239       |
| BATA            | MTC          | 37,000,000   |

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The composition of interfund transfers as of June 30, 2008, is as follows:

| Transfer Out: | Transfer In:         |                      |                     |                     |                     |                      |
|---------------|----------------------|----------------------|---------------------|---------------------|---------------------|----------------------|
|               | AB 664 Net           |                      | Capital             | STA                 | Non-Major           | Total                |
|               | General              | Toll Revenue Reserve | Projects            |                     | Governmental Funds  |                      |
| Non-Major     | \$ -                 | \$ -                 | \$ 1,079,283        | \$ -                | \$ -                | \$ 1,079,283         |
| STA           | 12,737,870           | -                    | 994,757             | -                   | -                   | 13,732,627           |
| General       | -                    | -                    | 2,080,477           | 3,943,000           | -                   | 6,023,477            |
| AB664         | 21,000               | -                    | -                   | -                   | -                   | 21,000               |
| BATA          | 5,945,179            | 11,083,741           | 321,287             | -                   | 9,857,581           | 27,207,788           |
| SAFE          | 1,714,549            | -                    | -                   | -                   | -                   | 1,714,549            |
| <b>Total</b>  | <b>\$ 20,418,598</b> | <b>\$ 11,083,741</b> | <b>\$ 4,475,804</b> | <b>\$ 3,943,000</b> | <b>\$ 9,857,581</b> | <b>\$ 49,778,724</b> |

**Due to/from other funds**

| Receivable Fund | Payable Fund | Amount       |
|-----------------|--------------|--------------|
| General         | Capital      | \$ 1,069,902 |
| General         | STA          | 622,707      |
| General         | Non-Major    | 49,242       |
| General         | BATA         | 512,340      |
| General         | Capital      | 1,299,567    |
| Capital         | STA          | 400,571      |
| Capital         | Non-Major    | 750,192      |
| Capital         | BATA         | 280,787      |
| STA             | General      | 3,943,000    |
| SAFE            | General      | 3,454,699    |
| BATA            | AB664        | 286,258      |
| BATA            | Non-Major    | 57,419       |
| BATA            | MTC          | 42,000,000   |

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

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

# Metropolitan Transportation Commission

## Financial Statements for the years ended June 30, 2009 and 2008

### Notes to Financial Statements

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#### 8. EMPLOYEES' RETIREMENT PLAN

##### Plan Description

MTC's single employer 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 website or by writing to CalPERS fiscal Services Division, PO Box 942703, Sacramento, California 94229.

##### Funding Policy

Members in the Plan are required to contribute a percent of their annual covered salary, which is established by California state statute. MTC is also required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its employees. The actuarial methods and assumptions are those adopted and amended by the CalPERS Board of Administration. Pursuant to an election by MTC employees, a contract amendment was executed with CalPERS in fiscal 2007, amending the retirement benefit formula from 2 percent at 55 to 2 ½ percent at 55. MTC employees agreed to contribute the full cost of this enhancement and share in future retirement cost increases. The full cost of MTC's retirement benefit is allocated as follows:

- MTC pays the Base Rate of 17.395 percent in effect on July 1, 2006 (10.395 percent employer contribution and 7 percent employee share, per employee's gross earnings), and the fiscal 2008 Base Rate. The Base Rate increased in fiscal 2009 by a percentage equivalent to the actual increase in cost attributable to the BATA employees hired in fiscal 2006.
- Members pay 3.402 percent of eligible gross earnings (2.402 percent employer contribution and 1.0 percent employee contribution) to cover the full cost of the enhancement.
- MTC and members will share equally in payment for additional CalPERS increases, up to 2.0 percent above the Base Rate and the 3.402 percent enhancement cost, each paying up to an additional 1 percent.
- Per agreement, any CalPERS contribution rate increases exceeding the additional 2 percent referenced above will result in re-opening the agreement to determine further cost-sharing arrangements.

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**Annual Pension Cost and Funding Progress**

The required contribution was \$2,937,722 and \$2,813,755 for the years ended June 30, 2009 and 2008 determined as part of the June 30, 2007 and June 30, 2006 actuarial valuation using the entry age actuarial cost method with the contributions determined as a percent of payroll. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses) and (b) projected salary increases that vary by entry age and duration of service. Both (a) and (b) include an inflation component of 3.0 percent and an annual payroll growth of 3.25 percent. The actuarial valuation 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 fifteen-year period depending on the size of investment gains and/or losses.

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

| <b>Fiscal Year Ended</b> | <b>Annual Pension Cost (APC)</b> | <b>Percentage of APC Contributed</b> |
|--------------------------|----------------------------------|--------------------------------------|
| June 30, 2007            | \$ 2,647,617                     | 100%                                 |
| June 30, 2008            | 2,813,755                        | 100%                                 |
| June 30, 2009            | 2,937,722                        | 100%                                 |

The MTC's funding progress information as of June 30, 2007 is illustrated as follows:

| <b>Actuarial Valuation Date</b> | <b>Actuarial Value of Assets (a)</b> | <b>Actuarial Liability (AAL) Entry Age (b)</b> | <b>Unfunded AAL (UAAL) (b-a)</b> | <b>Funded Ratio (a/b)</b> | <b>Covered Payroll (c)</b> | <b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b> |
|---------------------------------|--------------------------------------|--|----------------------------------|---------------------------|----------------------------|--|
| June 30, 2005                   | \$ 49,691,002                        | \$ 55,528,976                                  | \$ 5,837,974                     | 89.5%                     | \$ 11,623,784              | 50.2%  |
| June 30, 2006                   | 54,611,669                           | 61,472,801                                     | 6,861,132                        | 88.8%                     | 14,292,965                 | 48.0%  |
| June 30, 2007                   | 60,833,239                           | 68,280,990                                     | 7,447,751                        | 89.1%                     | 15,865,270                 | 46.9%  |

The latest available actuarial valuation was as of June 30, 2007 showing an under-funded status.

**9. POSTEMPLOYMENT HEALTHCARE BENEFITS**

**Plan Description**

MTC's single employer defined benefit other postemployment healthcare (OPEB) plan, or MTC's California Employer's Retirement Benefit Trust (CERBT) account, provides health plan coverage through the CalPERS Health Plan to eligible retired employees and their eligible dependants. MTC maintains the same medical plans for its retirees as for its active employees, with the general exception that once a retiree becomes eligible for Medicare, he or she must join a Medicare HMO or a Medicare Supplement plan, with

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Medicare becoming the primary payer. Employees become eligible to retire and receive healthcare benefits upon reaching the age of 50 with 5 years of service to MTC. Benefits are paid for the lifetime of the retiree, spouse or surviving spouse, and dependents up to the age of 23.

MTC is a contracting agency under the Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by CalPERS for provision of healthcare insurance programs for both active and retired employees. CalPERS issue a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS website or by writing to CalPERS fiscal Services Division, PO Box 942703, Sacramento, California 94229.

**Funding Policy**

MTC contributions are based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting of Post Employment Benefits Other Than Benefits*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The ARC is based on separate actuarial computations for the active and retiree employee groups. MTC's payments of monthly retiree premiums of \$452,003 and \$428,810 for the years ended 2009 and 2008 were applied toward the required annual employer contribution of \$799,483 and \$1,372,945 for the years ended 2009 and 2008. In addition, MTC made a voluntary contribution in excess of the ARC for fiscal 2008 of \$8,676,000. This contribution nearly eliminated the Unfunded Actuarial Accrued Liability (UAAL) and resulted in the reporting of a net OPEB asset of \$7,731,865 at June 30, 2008. The interest earned on this additional contribution will reduce the OPEB cost in future years.

**Annual OPEB Cost, Funded Status and Funding Progress**

MTC's annual Other Postemployment Benefit (OPEB) expense is based on the ARC of the employer less healthcare costs paid on behalf of its retirees as well as any other contributions made to the plan during the year. The following table represents annual OPEB cost for the year, the percentage of costs contributed to the plan, and changes in the net OPEB obligation. Governmental and Business-Type Activities funded 100% of the ARC attributable to them. Any net OPEB obligation/ (asset) resulted solely from Governmental Activities.

| <b>Fiscal<br/>Year Ended</b> | <b>Annual<br/>OPEB Cost</b> | <b>Percentage of<br/>Annual OPEB<br/>Cost Contributed</b> | <b>Net OPEB<br/>Obligation/(Asset)</b> |
|------------------------------|-----------------------------|---|--|
| June 30, 2007                | \$ 2,155,931                | 16.4%   | \$ 1,802,533                           |
| June 30, 2008                | 1,372,945                   | 794.4%  | (7,731,865)                            |
| June 30, 2009                | 799,483                     | 56.5%   | (7,384,385)                            |

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The funded status of the plan as of July 1, 2009 was as follows:

|   |                              |
|---|------------------------------|
| Annual required contribution (ARC)        | \$ 836,099                   |
| Interest on net OPEB obligation           | (599,220)                    |
| Adjustment to ARC                         | 562,604                      |
| Annual OPEB Cost                          | 799,483                      |
| Less Contributions made                   | <u>(452,003)</u>             |
| Increase in net OPEB obligation           | 347,480                      |
| Net OPEB obligation - beginning of year   | <u>(7,731,865)</u>           |
| Net OPEB obligation/(asset) - end of year | <u><u>\$ (7,384,385)</u></u> |

The MTC's funding progress information as of June 30, 2009 is illustrated as follows:

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage of<br>Covered<br>Payroll<br>((b-a)/c) |
|--------------------------------|--|---|------------------------------------|--------------------------|---------------------------|---|
| July 1, 2006                   | \$ -                                   | \$ 14,376,476                                     | \$ 14,376,476                      | 0.0%                     | \$ 15,193,161             | 94.6%   |
| January 1, 2007                | -                                      | 10,297,911  | 10,297,911                         | 0.0%                     | 22,965,687                | 44.8%   |
| January 1, 2009                | 7,299,050                              | 12,774,408  | 5,475,358                          | 57.1%                    | 24,500,000                | 22.3%   |

Actuarial valuations must make certain assumptions regarding the probability of occurrence of certain events such as employment turnover, retirement, and mortality, as well as economic assumptions regarding future healthcare costs and interest rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress on Schedule IV, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided as the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members. The actuarial methods and assumptions used include techniques designed to reduce effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations.

In the January 1, 2007 actuarial valuation, the valuation date was changed from July 1 to January 1 to align the valuation date with the health plan's premium renewal period. Additionally, the cost method was changed from the Projected Unit Credit cost method to Entry Age Normal cost method. This change in method was required in order for MTC to participate in the trust fund managed by CalPERS. The actuarial assumptions include a

# Metropolitan Transportation Commission

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discount rate of 7.75 percent to reflect the expected return on assets in the CalPERS' retiree health trust fund and an annual healthcare cost trend rate of 6.5 percent for 2010 to 2014, 6.0 percent for 2015 to 2017, and 5.85 percent per year thereafter.

Demographic assumptions were changed to conform to the CalPERS assumption model, which was required in order for MTC to participate in the trust fund managed by CalPERS. Demographic assumptions are the same as those used by CalPERS in its valuation of pension benefits under its Miscellaneous 2.5 percent @ 55 formulas for miscellaneous employees. MTC employees participate in CalPERS and accrue pension benefits under this formula.

The Unfunded Actuarial Liability (UAAL) is the actuarial liability offset by any assets set aside to provide retiree health benefits. The UAAL must be amortized over a period of up to 30 years and included in the ARC each year. For fiscal year 2008, MTC has elected to amortize its UAAL over a period of 20 years.

#### 10. COMMITMENTS AND CONTINGENCIES

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

MTC is involved in various claims and litigation that are considered normal to the MTC's regional planning activities. MTC has established an accrual for certain of these contingencies of \$773,368 and \$746,451 for fiscal years ended June 30, 2009 and 2008, respectively. In the opinion of the MTC's management, the ultimate resolution of these matters will not have a material adverse effect on the MTC's government-wide financial position.

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

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

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 agreed to advance \$60 million from the Rail Reserve Fund (East Bay Account) for Project cash flows. Under the MOU, BART was to repay this advance without interest, upon authorization and receipt of federal funds anticipated pursuant to



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BART's full funding grant agreement with the U.S. Department of Transportation (Federal Transportation Administration grant). MTC further agreed to allocate \$16.5 million to BART from the Rail Reserve Fund (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 February 12, 2001, MTC and BART executed an Acknowledgement Agreement (the Agreement) which modified the repayment terms of the Loan. Under the Agreement, MTC acknowledged that the FTA grant proceeds, originally pledged to repay the Loan, will be pledged and assigned in favor of bonds (the Bonds) issued by the Association of Bay Area Governments to refinance the Notes and finance the Project. The Agreement confirms BART's obligation to repay the Loan, as set forth in the MOU; however, such repayment will be made from the general resources of BART and subject to the prior pledge in favor of the Bonds.

On June 28, 2006, MTC and BART revised the terms of the \$60 million loan agreement. The new agreement extends the \$60 million loan to June 30, 2015 with an interest rate of 3 percent.

On November 28, 2007, the MTC Commission authorized the pledging of the then remaining proceeds of the \$47 million BART loan receivable balance from the Rail Reserve Fund to BATA. As a result BATA transferred \$47 million for their operating cash to the Rail Reserve Fund thereby providing cash flow to the Rail Reserve Fund (East Bay Account) to be used for East Bay rail projects. MTC retains all of its contract protections and enforcement rights against BART until the BART obligations to the East Bay Rail Reserve are satisfied. MTC also retains the legal obligation and responsibility to seek any payment due from BART. The pledge of the \$47 million BART loan from MTC to BATA is an Intra-Entity Transfers of Assets which bears an interest rate of 3.0 percent. GASB statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues* provides guidance on the accounting and reporting of Intra-Entity Transfers of Assets.

As of June 30, 2009 and 2008, the total loan outstanding with BART is \$37 million and \$42 million. Remaining payments due under the loan are as follows:

| Fiscal Year | Principal Payments |
|-------------|--------------------|
| 2010        | \$ 8,000,000       |
| 2011        | 8,000,000          |
| 2012        | 8,000,000          |
| 2013        | 8,000,000          |
| 2014        | 5,000,000          |
|             | \$ 37,000,000      |

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**11. 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.

**12. RELATED PARTY TRANSACTIONS**

The Regional Administrative Facility Corporation (RAFC) was incorporated in the State of California on March 23, 1983, for the purpose of administering, operating and maintaining common areas and certain easements of the property. The Condominium Plan establishes the following three owner occupants: BART, MTC and ABAG. RAFC exercises a custodial responsibility on behalf of the owner occupants and assesses sufficient amounts to meet all required expenditures of the common areas and easements. MTC provides management and other staff functions to RAFC through management fees. Fees to RAFC were \$300,000 and \$300,000 for fiscal year ended June 30, 2009 and June 30, 2008 respectively. MTC also recorded the return of MTC's portion of the Metrocenter seismic improvement project of \$187,489 as revenue in fiscal 2009. MTC currently has a prepaid asset of \$294,282 and \$97,314 as of June 30, 2009 and 2008, respectively, for funding capital improvement projects of the property.

**13. SUBSEQUENT EVENTS**

In July 2009, BATA made a termination payment of \$105 million to terminate the swaps with Ambac Financial Services. In August 2009, BATA restructured the variable rate bonds underlying the Ambac swaps by issuing \$768.7 million in new fixed rate bonds and reissuing the balance of variable rate demand bonds. The new bonds refunded 2001 Series B and C, 2003 Series C, 2004 Series A-C, 2006 Series B1, and 2007 Series G2-G3. The 2008 Series A1 and 2007 Series C2 were reoffered in August 2009.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**Metropolitan Transportation Commission  
Schedule of Revenues, Expenditures and Changes  
in Fund Balances – Budget and Actual – General Fund  
For the Year Ended June 30, 2009**

**Schedule I**

|   | <u>Budgeted Amounts</u> |               |                       | Variance with                          |
|---|-------------------------|---------------|-----------------------|--|
|   | <u>Original</u>         | <u>Final</u>  | <u>Actual Amounts</u> | Final Budget<br>Positive<br>(Negative) |
| <b>Revenues</b>                           |                         |               |                       |  |
| Sales taxes for planning activities       | \$ 10,584,001           | \$ 10,584,001 | \$ 9,678,324          | \$ (905,677)                           |
| Grants - Federal                          | 78,285,174              | 84,929,499    | 31,541,171            | (53,388,328)                           |
| Grants - State                            | 3,841,248               | 5,122,248     | 2,658,926             | (2,463,322)                            |
| Local Agencies Revenues                   | 5,004,727               | 5,387,290     | 3,423,340             | (1,963,950)                            |
| Investment Income - unrestricted          | 650,000                 | 650,000       | 157,624               | (492,376)                              |
| Total revenues                            | 98,365,150              | 106,673,038   | 47,459,385            | (59,213,653)                           |
| <b>Expenditures</b>                       |                         |               |                       |  |
| Current:                                  |                         |               |                       |  |
| General Government                        | 133,057,863             | 141,643,851   | 57,672,098            | 83,971,753                             |
| Allocations to Other Agencies             | 14,420,026              | 14,420,026    | 7,873,335             | 6,546,691                              |
| Capital outlay                            | 365,000                 | 365,000       | 186,931               | 178,069                                |
| Total expenditures                        | 147,842,889             | 156,428,877   | 65,732,364            | 90,696,513                             |
| Deficiency of revenues under expenditures | (49,477,739)            | (49,755,839)  | (18,272,979)          | 31,482,860                             |
| <b>Other financing sources</b>            |                         |               |                       |  |
| Transfers in                              | 44,539,218              | 44,817,318    | 18,736,604            | (26,080,714)                           |
| <b>Net change in fund balances</b>        | (4,938,521)             | (4,938,521)   | 463,625               | 5,402,146                              |
| <b>Fund balances - beginning</b>          | 19,261,507              | 19,261,507    | 19,261,507            | -                                      |
| <b>Fund balances - ending</b>             | \$ 14,322,986           | \$ 14,322,986 | \$ 19,725,132         | \$ 5,402,146                           |

**Metropolitan Transportation Commission  
Schedule of Revenues, Expenditures and Changes  
in Fund Balances – Budget and Actual – AB 664 Net Toll Revenue Reserves Fund  
For the Year Ended June 30, 2009**

**Schedule II**

|  | <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 - unrestricted             | \$ -                    | \$ -         | \$ 622,863            | \$ 622,863  |
| Total Revenues                               | -                       | -            | 622,863               | 622,863   |
| <b>Expenditures</b>                          |                         |              |                       |   |
| Current:                                     |                         |              |                       |   |
| General Government                           | -                       | -            | 4,005                 | (4,005)   |
| Allocations to Other Agencies                | 47,953,002              | 47,734,488   | 14,362,740            | 33,371,748  |
| Total expenditures                           | 47,953,002              | 47,734,488   | 14,366,745            | 33,367,743  |
| Deficiency of revenues under<br>expenditures | (47,953,002)            | (47,734,488) | (13,743,882)          | 33,990,606  |
| <b>Other financing sources</b>               |                         |              |                       |   |
| Transfers in                                 | 11,200,000              | 10,981,486   | 10,881,735            | (99,751)  |
| <b>Net change in fund balances</b>           | (36,753,002)            | (36,753,002) | (2,862,147)           | 33,890,855  |
| <b>Fund balances - beginning</b>             | 36,753,002              | 36,753,002   | 36,753,002            | -   |
| <b>Fund balances - ending</b>                | \$ -                    | \$ -         | \$ 33,890,855         | \$ 33,890,855   |

**Metropolitan Transportation Commission  
Schedule of Revenues, Expenditures and Changes  
in Fund Balances – Budget and Actual – State Transit Assistance Fund  
For the Year Ended June 30, 2009**

**Schedule III**

|   | <u>Budgeted Amounts</u> |               |                       | Variance with                          |
|---|-------------------------|---------------|-----------------------|--|
|   | <u>Original</u>         | <u>Final</u>  | <u>Actual Amounts</u> | Final Budget<br>Positive<br>(Negative) |
| <b>Revenues</b>   |                         |               |                       |  |
| Grants - State  | \$ 234,770,866          | \$ 56,779,792 | \$ 56,142,205         | \$ (637,587)                           |
| Local Agencies Revenues and Refunds                       | -                       | -             | 343,055               | 343,055                                |
| Investment Income - unrestricted                          | -                       | -             | 1,452,171             | 1,452,171                              |
| Total revenues  | 234,770,866             | 56,779,792    | 57,937,431            | 1,157,639                              |
| <b>Expenditures</b>                                       |                         |               |                       |  |
| Current:  |                         |               |                       |  |
| Allocations to Other Agencies                             | 327,589,428             | 149,618,354   | 80,325,647            | 69,292,707                             |
| Total expenditures  | 327,589,428             | 149,618,354   | 80,325,647            | 69,292,707                             |
| Excess (deficiency) of revenues over (under) expenditures | (92,818,562)            | (92,838,562)  | (22,388,216)          | 70,450,346                             |
| <b>Other financing sources / (uses)</b>                   |                         |               |                       |  |
| Transfers (out) / in                                      | -                       | -             | (22,504,689)          | (22,504,689)                           |
| <b>Net change in fund balances</b>                        | (92,818,562)            | (92,838,562)  | (44,892,905)          | 47,945,657                             |
| <b>Fund balances - beginning</b>                          | 102,569,201             | 102,569,201   | 102,569,201           | -                                      |
| <b>Fund balances - ending</b>                             | \$ 9,750,639            | \$ 9,730,639  | \$ 57,676,296         | \$ 47,945,657                          |

**Metropolitan Transportation Commission**  
**Schedules of Funding Progress**  
**For the Year Ended June 30, 2009**

**Schedule IV**

**Pension Plan (Required Supplementary Information)**

| <b>Actuarial Valuation Date</b> | <b>Actuarial Value of Assets (a)</b> | <b>Actuarial Liability (AAL) Entry Age (b)</b> | <b>Unfunded AAL (UAAL) (b-a)</b> | <b>Funded Ratio (a/b)</b> | <b>Covered Payroll (c)</b> | <b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b> |
|---------------------------------|--------------------------------------|--|----------------------------------|---------------------------|----------------------------|--|
| June 30, 2005                   | \$ 49,691,002                        | \$ 55,528,976                                  | \$ 5,837,974                     | 89.5%                     | \$ 11,623,784              | 50.2%  |
| June 30, 2006                   | 54,611,669                           | 61,472,801                                     | 6,861,132                        | 88.8%                     | 14,292,965                 | 48.0%  |
| June 30, 2007                   | 60,833,239                           | 68,280,990                                     | 7,447,751                        | 89.1%                     | 15,865,270                 | 46.9%  |

**Postemployment Benefits (Required Supplementary Information)**

| <b>Actuarial Valuation Date</b> | <b>Actuarial Value of Assets (a)</b> | <b>Actuarial Liability (AAL) (b)</b> | <b>Unfunded AAL (UAAL) (b-a)</b> | <b>Funded Ratio (a/b)</b> | <b>Covered Payroll (c)</b> | <b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b> |
|---------------------------------|--------------------------------------|--------------------------------------|----------------------------------|---------------------------|----------------------------|--|
| July 1, 2006                    | \$ -                                 | \$ 14,376,476                        | \$ 14,376,476                    | 0.0%                      | \$ 15,193,161              | 94.6%  |
| January 1, 2007                 | -                                    | 10,297,911                           | 10,297,911                       | 0.0%                      | 22,965,687                 | 44.8%  |
| January 1, 2009                 | 7,299,050                            | 12,774,408                           | 5,475,358                        | 57.1%                     | 24,500,000                 | 22.3%  |

## **OTHER SUPPLEMENTARY INFORMATION**



**Metropolitan Transportation Commission**  
**Combining Balance Sheet – Non-Major Governmental Funds**  
**As of June 30, 2009**

**Schedule 1**

|  | <u>Transit<br/>Reserves</u> | <u>Rail<br/>Reserves</u> | <u>Exchange</u>     | <u>BART<br/>Car Exchange</u> | <u>Feeder<br/>Bus</u> | <u>Prop 1B<br/>Funds</u> | <u>Total<br/>Non-Major<br/>Governmental<br/>Funds</u> |
|--|-----------------------------|--------------------------|---------------------|------------------------------|-----------------------|--------------------------|---|
| <b>Assets</b>                              |                             |                          |                     |                              |                       |                          |   |
| Cash and cash equivalents - unrestricted   | \$ 750,088                  | \$ 41,834,403            | \$ 6,936,876        | \$ -                         | \$ 48,883             | \$ 9,307,668             | \$ 58,877,918   |
| Cash and cash equivalents - restricted     | -                           | -                        | -                   | 33,474,213                   | -                     | -                        | 33,474,213  |
| Investments - unrestricted                 | -                           | 52,896,516               | -                   | -                            | -                     | -                        | 52,896,516  |
| Investments - restricted                   | -                           | -                        | -                   | 37,479,064                   | -                     | -                        | 37,479,064  |
| Accounts Receivables                       | -                           | -                        | -                   | -                            | 832,677               | -                        | 832,677   |
| Interest receivable                        | -                           | 78,935                   | -                   | 57,959                       | -                     | -                        | 136,894   |
| Due from other funds                       | -                           | 210,076                  | -                   | -                            | -                     | -                        | 210,076   |
| <b>Total assets</b>                        | <b>750,088</b>              | <b>95,019,930</b>        | <b>6,936,876</b>    | <b>71,011,236</b>            | <b>881,560</b>        | <b>9,307,668</b>         | <b>183,907,358</b>                                    |
| <b>Liabilities and fund balances</b>       |                             |                          |                     |                              |                       |                          |   |
| <b>Liabilities</b>                         |                             |                          |                     |                              |                       |                          |   |
| Accounts payable                           | 282,266                     | 2,142                    | 62,022              | 635                          | 665,790               | 11,782                   | 1,024,637   |
| Due to other funds                         | 10,239                      | -                        | 837,497             | -                            | -                     | -                        | 847,736   |
| <b>Total liabilities</b>                   | <b>292,505</b>              | <b>2,142</b>             | <b>899,519</b>      | <b>635</b>                   | <b>665,790</b>        | <b>11,782</b>            | <b>1,872,373</b>                                      |
| <b>Fund balances</b>                       |                             |                          |                     |                              |                       |                          |   |
| <b>Restricted for:</b>                     |                             |                          |                     |                              |                       |                          |   |
| Transportation projects                    | 457,583                     | -                        | -                   | -                            | 215,770               | 9,295,886                | 9,969,239   |
| Rail projects                              | -                           | 95,017,788               | -                   | 71,010,601                   | -                     | -                        | 166,028,389   |
| <b>Committed to:</b>                       |                             |                          |                     |                              |                       |                          |   |
| Transportation projects                    | -                           | -                        | 6,037,357           | -                            | -                     | -                        | 6,037,357   |
| <b>Total fund balances</b>                 | <b>457,583</b>              | <b>95,017,788</b>        | <b>6,037,357</b>    | <b>71,010,601</b>            | <b>215,770</b>        | <b>9,295,886</b>         | <b>182,034,985</b>                                    |
| <b>Total liabilities and fund balances</b> | <b>\$ 750,088</b>           | <b>\$ 95,019,930</b>     | <b>\$ 6,936,876</b> | <b>\$ 71,011,236</b>         | <b>\$ 881,560</b>     | <b>\$ 9,307,668</b>      | <b>\$ 183,907,358</b>                                 |

**Metropolitan Transportation Commission**  
**Combining Statement of Revenues, Expenses and Changes in Fund Balances –**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2009**

**Schedule 2**

|   | <u>Transit<br/>Reserves</u> | <u>Rail<br/>Reserves</u> | <u>Exchange</u>     | <u>BART Car<br/>Exchange</u> | <u>Feeder<br/>Bus</u> | <u>Prop 1B<br/>Funds</u> | <u>Total<br/>Non-Major<br/>Governmental<br/>Funds</u> |
|---|-----------------------------|--------------------------|---------------------|------------------------------|-----------------------|--------------------------|---|
| <b>Revenues</b>   |                             |                          |                     |                              |                       |                          |   |
| Grants - State  | \$ 2,994,857                | \$ -                     | \$ -                | \$ -                         | \$ -                  | \$ -                     | \$ 2,994,857  |
| Project grants from local agencies                            | -                           | 5,000,000                | 1,492,857           | 22,682,000                   | 832,677               | -                        | 30,007,534  |
| Investment income - unrestricted                              | 10,599                      | 2,629,315                | 55,405              | -                            | 374                   | 72,632                   | 2,768,325   |
| Investment income - restricted                                | -                           | -                        | -                   | 783,516                      | -                     | -                        | 783,516   |
| <b>Total revenues</b>   | <b>3,005,456</b>            | <b>7,629,315</b>         | <b>1,548,262</b>    | <b>23,465,516</b>            | <b>833,051</b>        | <b>72,632</b>            | <b>36,554,232</b>                                     |
| <b>Expenditures</b>   |                             |                          |                     |                              |                       |                          |   |
| Current:  |                             |                          |                     |                              |                       |                          |   |
| General government  | -                           | 5,008,540                | 832,483             | 4,160                        | -                     | 633,196                  | 6,478,379   |
| Allocations to other agencies                                 | 3,799,252                   | -                        | -                   | -                            | 665,790               | -                        | 4,465,042   |
| <b>Total expenditures</b>                                     | <b>3,799,252</b>            | <b>5,008,540</b>         | <b>832,483</b>      | <b>4,160</b>                 | <b>665,790</b>        | <b>633,196</b>           | <b>10,943,421</b>                                     |
| Excess / (deficiency) of revenues over / (under) expenditures | (793,796)                   | 2,620,775                | 715,779             | 23,461,356                   | 167,261               | (560,564)                | 25,610,811  |
| <b>Other financing sources / uses</b>                         |                             |                          |                     |                              |                       |                          |   |
| Transfers in  | 872,894                     | 9,045,860                | -                   | -                            | -                     | 9,856,450                | 19,775,204  |
| Transfers out   | -                           | (1,260,000)              | (1,354,777)         | -                            | -                     | -                        | (2,614,777)   |
| <b>Total other financing sources and uses</b>                 | <b>872,894</b>              | <b>7,785,860</b>         | <b>(1,354,777)</b>  | <b>-</b>                     | <b>-</b>              | <b>9,856,450</b>         | <b>17,160,427</b>                                     |
| <b>Net change in fund balances</b>                            | <b>79,098</b>               | <b>10,406,635</b>        | <b>(638,998)</b>    | <b>23,461,356</b>            | <b>167,261</b>        | <b>9,295,886</b>         | <b>42,771,238</b>                                     |
| <b>Fund balances - beginning</b>                              | <b>378,485</b>              | <b>84,611,153</b>        | <b>6,676,355</b>    | <b>47,549,245</b>            | <b>48,509</b>         | <b>-</b>                 | <b>139,263,747</b>                                    |
| <b>Fund balances - ending</b>                                 | <b>\$ 457,583</b>           | <b>\$ 95,017,788</b>     | <b>\$ 6,037,357</b> | <b>\$ 71,010,601</b>         | <b>\$ 215,770</b>     | <b>\$ 9,295,886</b>      | <b>\$ 182,034,985</b>                                 |

**Metropolitan Transportation Commission**  
**Schedule of Revenues, Expenses and Changes in Fund Balances –**  
**Budget and Actual – Transit Reserves Fund**  
**For the Year Ended June 30, 2009**

**Schedule 3**

|  | Budgeted Amounts |              | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|--------------|-------------------|---|
|  | <u>Original</u>  | <u>Final</u> |                   |   |
| <b>Revenues</b>                              |                  |              |                   |   |
| Grants - State                               | \$ 3,092,771     | \$ 3,091,628 | \$ 2,994,857      | \$ (96,771)   |
| Investment Income - unrestricted             | -                | -            | 10,599            | 10,599  |
| Total revenues                               | 3,092,771        | 3,091,628    | 3,005,456         | (86,172)  |
| <b>Expenditures</b>                          |                  |              |                   |   |
| Current:                                     |                  |              |                   |   |
| Allocations to Other Agencies                | 4,274,485        | 4,256,475    | 3,799,252         | 457,223   |
| Deficiency of revenues under<br>expenditures | (1,181,714)      | (1,164,847)  | (793,796)         | 371,051   |
| <b>Other financing sources</b>               |                  |              |                   |   |
| Transfers in                                 | 900,000          | 883,133      | 872,894           | (10,239)  |
| <b>Net change in fund balances</b>           | (281,714)        | (281,714)    | 79,098            | 360,812   |
| <b>Fund balances - beginning</b>             | 378,485          | 378,485      | 378,485           | -   |
| <b>Fund balances - ending</b>                | \$ 96,771        | \$ 96,771    | \$ 457,583        | \$ 360,812  |

**Metropolitan Transportation Commission**  
**Schedule of Revenues, Expenses and Changes in Fund Balances –**  
**Budget and Actual – Rail Reserve Fund**  
**For the Year Ended June 30, 2009**

**Schedule 4**

|   | Budgeted Amounts |              | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|--------------|-------------------|---|
|   | <u>Original</u>  | <u>Final</u> |                   |   |
| <b>Revenues</b>                           |                  |              |                   |   |
| Local Agency Revenue                      | \$ -             | \$ -         | \$ 5,000,000      | \$ 5,000,000  |
| Investment Income - unrestricted          | -                | 1,260,000    | 2,629,315         | 1,369,315   |
| Total revenues                            | -                | 1,260,000    | 7,629,315         | 6,369,315   |
| <b>Expenditures</b>                       |                  |              |                   |   |
| Current:                                  |                  |              |                   |   |
| General Government                        | -                | 5,000,000    | 5,008,540         | (8,540)   |
| Allocations to Other Agencies             | 93,589,152       | 88,446,935   | -                 | 88,446,935  |
| Total expenditures                        | 93,589,152       | 93,446,935   | 5,008,540         | 88,438,395  |
| Deficiency of revenues under expenditures | (93,589,152)     | (92,186,935) | 2,620,775         | 94,807,710  |
| <b>Other financing sources</b>            |                  |              |                   |   |
| Transfers in                              | 8,978,000        | 8,835,783    | 7,785,860         | (1,049,923)   |
| <b>Net change in fund balances</b>        | (84,611,152)     | (83,351,152) | 10,406,635        | 93,757,787  |
| <b>Fund balances - beginning</b>          | 84,611,153       | 84,611,153   | 84,611,153        | -   |
| <b>Fund balances - ending</b>             | \$ 1             | \$ 1,260,001 | \$ 95,017,788     | \$ 93,757,787   |

**Metropolitan Transportation Commission**  
**Schedule of Revenues, Expenses and Changes in Fund Balances –**  
**Budget and Actual– Exchange Fund**  
**For the Year Ended June 30, 2009**

**Schedule 5**

|   | Budgeted Amounts |              | Actual<br>Amounts | Final Budget<br>Positive<br>(Negative) |
|---|------------------|--------------|-------------------|--|
|   | Original         | Final        |                   |  |
| <b>Revenues</b>   |                  |              |                   |  |
| Local Agencies Revenues                                       | \$ -             | \$ -         | \$ 1,492,857      | \$ 1,492,857                           |
| Investment Income - unrestricted                              | -                | -            | 55,405            | 55,405                                 |
| <b>Total revenues</b>   | -                | -            | 1,548,262         | 1,548,262                              |
| <b>Expenditures</b>   |                  |              |                   |  |
| Current:  |                  |              |                   |  |
| General Government  | 1,882,337        | 1,882,337    | 832,483           | 1,049,854                              |
| Allocations to Other Agencies                                 | 3,455,007        | 3,455,007    | -                 | 3,455,007                              |
| <b>Total expenditures</b>                                     | 5,337,344        | 5,337,344    | 832,483           | 4,504,861                              |
| Excess / (deficiency) of revenues over / (under) expenditures | (5,337,344)      | (5,337,344)  | 715,779           | 6,053,123                              |
| <b>Other financing sources / (uses)</b>                       |                  |              |                   |  |
| Transfers (out) / in  | -                | -            | (1,354,777)       | (1,354,777)                            |
| <b>Net change in fund balances</b>                            | (5,337,344)      | (5,337,344)  | (638,998)         | 4,698,346                              |
| <b>Fund balances - beginning</b>                              | 6,676,355        | 6,676,355    | 6,676,355         | -                                      |
| <b>Fund balances - ending</b>                                 | \$ 1,339,011     | \$ 1,339,011 | \$ 6,037,357      | \$ 4,698,346                           |

**Metropolitan Transportation Commission**  
**Schedule of Revenues, Expenses and Changes in Fund Balances –**  
**Budget and Actual– BART Car Exchange Fund**  
**For the Year Ended June 30, 2009**

**Schedule 6**

|   | Budgeted Amounts |               | Actual<br>Amounts | Variance with<br>Final Budget |
|---|------------------|---------------|-------------------|-------------------------------|
|   | <u>Original</u>  | <u>Final</u>  |                   | Positive<br><u>(Negative)</u> |
| <b>Revenues</b>                         |                  |               |                   |                               |
| Project grants from local agencies      | \$ -             | \$ -          | \$ 22,682,000     | \$ 22,682,000                 |
| Investment income - restricted          | -                | -             | 783,516           | 783,516                       |
| Total revenues                          | -                | -             | 23,465,516        | 23,465,516                    |
| <b>Expenditures</b>                     |                  |               |                   |                               |
| Current:                                |                  |               |                   |                               |
| General Government                      | -                | -             | 4,160             | (4,160)                       |
| Allocations to other agencies           | -                | -             | -                 | -                             |
| Total expenditures                      | -                | -             | 4,160             | (4,160)                       |
| Excess of revenues over<br>expenditures | -                | -             | 23,461,356        | 23,461,356                    |
| <b>Net change in fund balances</b>      | -                | -             | 23,461,356        | 23,461,356                    |
| <b>Fund balances - beginning</b>        | 47,549,245       | 47,549,245    | 47,549,245        | -                             |
| <b>Fund balances - ending</b>           | \$ 47,549,245    | \$ 47,549,245 | \$ 71,010,601     | \$ 23,461,356                 |

**Metropolitan Transportation Commission**  
**Schedule of Revenues, Expenses and Changes in Fund Balances –**  
**Budget and Actual – Feeder Bus Fund**  
**For the Year Ended June 30, 2009**

**Schedule 7**

|   | <u>Budgeted Amounts</u> |              | <u>Actual</u><br><u>Amounts</u> | Variance with<br>Final Budget<br>Positive<br><u>(Negative)</u> |
|---|-------------------------|--------------|---------------------------------|--|
|   | <u>Original</u>         | <u>Final</u> |                                 |  |
| <b>Revenues</b>   |                         |              |                                 |  |
| Project grants from local agencies                            | \$ -                    | \$ -         | \$ 832,677                      | \$ 832,677   |
| Investment income - unrestricted                              | -                       | -            | 374                             | 374  |
| <b>Total revenues</b>   | -                       | -            | 833,051                         | 833,051  |
| <b>Expenditures</b>   |                         |              |                                 |  |
| Current:  |                         |              |                                 |  |
| Allocations to other agencies                                 | 122                     | 122          | 665,790                         | (665,668)  |
| <b>Total expenditures</b>                                     | 122                     | 122          | 665,790                         | (665,668)  |
| Excess / (deficiency) of revenues over / (under) expenditures | (122)                   | (122)        | 167,261                         | 167,383  |
| <b>Net change in fund balances</b>                            | (122)                   | (122)        | 167,261                         | 167,383  |
| <b>Fund balances - beginning</b>                              | 48,509                  | 48,509       | 48,509                          | -  |
| <b>Fund balances - ending</b>                                 | \$ 48,387               | \$ 48,387    | \$ 215,770                      | \$ 167,383   |

**Metropolitan Transportation Commission**  
**Schedule of Revenues, Expenses and Changes in Fund Balances –**  
**Budget and Actual – Prop 1B Fund**  
**For the Year Ended June 30, 2009**

**Schedule 8**

|  | Budgeted Amounts |              | Actual<br>Amounts | Variance with<br>Final Budget |
|--|------------------|--------------|-------------------|-------------------------------|
|  | <u>Original</u>  | <u>Final</u> |                   | Positive<br>(Negative)        |
| <b>Revenues</b>  |                  |              |                   |                               |
| Local Agencies Revenues  | \$ -             | \$ -         | \$ -              | \$ -                          |
| Investment Income - unrestricted                                 | -                | -            | 72,632            | 72,632                        |
| <b>Total revenues</b>  | -                | -            | 72,632            | 72,632                        |
| <b>Expenditures</b>  |                  |              |                   |                               |
| Current:   |                  |              |                   |                               |
| General Government   |                  | 9,858,000    | 633,196           | 9,224,804                     |
| <b>Total expenditures</b>  | -                | 9,858,000    | 633,196           | 9,224,804                     |
| Excess / (deficiency) of revenues over / (under)<br>expenditures | -                | (9,858,000)  | (560,564)         | 9,297,436                     |
| <b>Other financing sources / (uses)</b>                          |                  |              |                   |                               |
| Transfers in   | -                | 9,858,000    | 9,856,450         | (1,550)                       |
| <b>Net change in fund balances</b>                               | -                | -            | 9,295,886         | 9,295,886                     |
| <b>Fund balances - beginning</b>                                 | -                | -            | -                 | -                             |
| <b>Fund balances - ending</b>                                    | \$ -             | \$ -         | \$ 9,295,886      | \$ 9,295,886                  |



**Metropolitan Transportation Commission  
Schedule of Expenditures – Governmental Funds  
For the Year Ended June 30, 2009**

**Schedule 9**

Expenditures by natural classification<sup>(1)</sup>:

|                                    |               |
|------------------------------------|---------------|
| Salaries & benefits <sup>(2)</sup> | \$ 17,164,185 |
| Travel                             | 118,976       |
| Professional fees                  | 38,452,174    |
| Overhead                           | 2,860,457     |
| Printing & reproduction            | 236,546       |
| Other                              | <u>23,743</u> |

|  |                      |
|--|----------------------|
| Reported as general government expenditures<br>in the Statement of Revenues, Expenditures and<br>Changes in Fund Balances - Governmental Funds | <u>\$ 58,856,081</u> |
|--|----------------------|

|  |                      |
|--|----------------------|
| Salaries & benefits - MTC <sup>(1)</sup> | \$ 17,164,185        |
| Salaries & benefits - BATA               | 5,411,205            |
| Salaries & benefits - SAFE               | 957,831              |
| Total salaries & benefits                | <u>\$ 23,533,221</u> |

|                               |                     |
|-------------------------------|---------------------|
| Overhead - MTC <sup>(1)</sup> | \$ 2,860,457        |
| Overhead - SAFE               | 522,401             |
| Total Overhead                | <u>\$ 3,382,858</u> |

|  |                      |
|--|----------------------|
| <sup>(1)</sup> General Government Expenditures - by Fund |                      |
| General Fund   | \$ 57,672,098        |
| Capital Projects   | 203,306              |
| Special Revenue - Prop 1B                                | 633,196              |
| Other Post Employment Benefits (OPEB) Accrual            | 347,481              |
|  | <u>\$ 58,856,081</u> |

<sup>(2)</sup> Includes OPEB Accrual of \$347,481

**Metropolitan Transportation Commission**  
**Schedule of Overhead, Salaries and Benefits Expenditures – Governmental**  
**Funds**

**For the Year Ended June 30, 2009**

**Schedule 10**

|   | Direct<br>Costs*     | Allowable<br>Indirect Costs | Unallowable<br>Costs | Total                |
|---|----------------------|-----------------------------|----------------------|----------------------|
| Salaries  | \$ 10,824,583        | \$ 3,491,078                | \$ 33,500            | \$ 14,349,161        |
| Benefits  | 7,027,123            | 2,153,912                   | 3,025                | 9,184,060            |
| Total salaries and benefits                         | <u>\$ 17,851,706</u> | <u>\$ 5,644,990</u>         | <u>\$ 36,525</u>     | <u>\$ 23,533,221</u> |
| Reimbursable overhead:**                            |                      |                             |                      |                      |
| Agency Temps  |                      | \$ 184,913                  | \$ -                 | \$ 184,913           |
| Training  |                      | 84,576                      | 28,416               | 112,992              |
| Personnel recruitment                               |                      | 104,608                     | -                    | 104,608              |
| Public hearings                                     |                      | 33,935                      | -                    | 33,935               |
| Advertising   |                      | 35,963                      | (1,419)              | 34,544               |
| Communications                                      |                      | 148,887                     | -                    | 148,887              |
| Utilities   |                      | 131,755                     | -                    | 131,755              |
| Meeting room rental                                 |                      | 10,172                      | -                    | 10,172               |
| Equipment rental                                    |                      | 3,269                       | 1,105                | 4,374                |
| Parking rental                                      |                      | 15,612                      | -                    | 15,612               |
| Storage rental                                      |                      | 24,792                      | -                    | 24,792               |
| Computer maintenance & repair                       |                      | 36,821                      | -                    | 36,821               |
| Auto expense  |                      | 13,436                      | -                    | 13,436               |
| Equipment maintenance & repair                      |                      | 99                          | -                    | 99                   |
| General maintenance                                 |                      | 21,476                      | -                    | 21,476               |
| Janitorial service                                  |                      | 119,513                     | -                    | 119,513              |
| Office supplies                                     |                      | 77,747                      | 470                  | 78,217               |
| Printing & graphics supplies                        |                      | 35,723                      | 723                  | 36,446               |
| Computer supplies                                   |                      | 55,608                      | -                    | 55,608               |
| Computer software                                   |                      | 413,619                     | -                    | 413,619              |
| Computer hardware                                   |                      | 121,275                     | 3,000                | 124,275              |
| Furniture & fixtures                                |                      | 35,656                      | -                    | 35,656               |
| Postage & mailing                                   |                      | 76,207                      | -                    | 76,207               |
| Memberships   |                      | 51,402                      | 23,357               | 74,759               |
| Library acquisitions & subscriptions                |                      | 33,575                      | 2,335                | 35,910               |
| Law library   |                      | 17,596                      | -                    | 17,596               |
| Computer time & services                            |                      | 19,842                      | -                    | 19,842               |
| Advisory member stipend                             |                      | 46,850                      | 71,900               | 118,750              |
| Audit fees  |                      | 33,329                      | 193,656              | 226,985              |
| News wire service                                   |                      | 11,281                      | -                    | 11,281               |
| Insurance   |                      | 117,121                     | -                    | 117,121              |
| Other   |                      | 600                         | 161,246              | 161,846              |
| Miscellaneous                                       |                      | -                           | 49,107               | 49,107               |
| Travel  |                      | 122,533                     | 166,294              | 288,827              |
| Professional Fees                                   |                      | 104,710                     | -                    | 104,710              |
| Bldg Maintenance                                    |                      | 403,811                     | -                    | 403,811              |
| Subtotal Indirect Costs                             |                      | <u>2,748,312</u>            | <u>700,190</u>       | <u>3,448,502</u>     |
| Depreciation expense                                |                      | 751,481                     | -                    | 751,481              |
| Total indirect costs including depreciation expense |                      | <u>\$ 3,499,793</u>         | <u>\$ 700,190</u>    | <u>\$ 4,199,983</u>  |
| Indirect Cost Recovered                             |                      | <u>\$ 9,756,241</u>         |                      |                      |
| Indirect (Over)/Under Absorbed                      |                      | <u>\$ (611,458)</u>         |                      |                      |

\*Direct Costs include BATA and SAFE Salaries and Benefits per Indirect Cost Plan for fiscal 2009.

\*\* Overhead distributed to BATA and SAFE per Indirect Cost Plan for fiscal 2009.

**Metropolitan Transportation Commission**  
**Schedule of Expenditures – Federal Highway Administration Grant**  
**No. 09OWPMTCM**  
**For the Year Ended June 30, 2009**

**Schedule 11**

|  | ABAG             | MTC                 | Total               |
|--|------------------|---------------------|---------------------|
| <b>Authorized Expenditures</b>                                 |                  |                     |                     |
| Federal  | \$ 977,764       | \$ 7,137,809        | \$ 8,115,573        |
| Local Match  | 126,680          | 924,778             | 1,051,458           |
| Total authorized expenditures                                  | <u>1,104,444</u> | <u>8,062,587</u>    | <u>9,167,031</u>    |
| <b>Actual Expenditures *</b>                                   |                  |                     |                     |
| Association of Bay Area Governments (ABAG)                     | 926,250          | -                   | 926,250             |
| MTC  |                  |                     |                     |
| <i>Program No. Program Name</i>                                |                  |                     |                     |
| 1112 Implement Public Information Program                      | -                | 1,000,000           | 1,000,000           |
| 1113 Support Prtnership Board                                  | -                | 35,149              | 35,149              |
| 1114 Support Advisory Committees                               | -                | 63,458              | 63,458              |
| 1121 Develop and Produce the RTP                               | -                | 401,265             | 401,265             |
| 1122 Travel Models and Data                                    | -                | 1,214,102           | 1,214,102           |
| 1123 Corridor Sutdies - RTP Invest                             | -                | 37,742              | 37,742              |
| 1124 Integrate MTS with National & International Trasportation | -                | 323,728             | 323,728             |
| 1156 Library Services  | -                | 322,560             | 322,560             |
| 1212 Develop MTS Performance Measures                          | -                | 85,000              | 85,000              |
| 1225 Transit Trip Planning                                     | -                | 40,000              | 40,000              |
| 1229 Refine Regional Transport ERP                             | -                | 259,299             | 259,299             |
| 1236 Implement Freeway Management Program                      | -                | 600,000             | 600,000             |
| 1311 Develop and Implement Welfare to Work Program             | -                | 153,008             | 153,008             |
| 1412 Air Quality Conformity                                    | -                | 100,000             | 100,000             |
| 1511 Financial Analysis and Planning                           | -                | 300,000             | 300,000             |
| 1512 Federal Programming, Monitoring and TIP Development       | -                | 600,000             | 600,000             |
| 1611 Development of Community Projects                         | -                | 519,884             | 519,884             |
| Total Expenditures   | <u>926,250</u>   | <u>6,055,195</u>    | <u>6,981,445</u>    |
| Balance of Federal Highway Administration Grant                | <u>\$ 51,514</u> | <u>\$ 1,082,614</u> | <u>\$ 1,134,128</u> |

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

**Metropolitan Transportation Commission  
Schedule of Computations Demonstrating  
Bond Covenant Compliance – BATA Proprietary Fund  
For the Year Ended June 30, 2009**

**Schedule 12**

|   | <b>2009</b>               |
|---|---------------------------|
| <b>Revenue</b>  |                           |
| Toll revenues collected   | \$ 470,136,376            |
| Investment income   | 20,699                    |
| Other operating revenues  | 16,828,189                |
| Transfers from MTC  | <u>1,260,000</u>          |
| Total revenue   | <u>488,245,264</u>        |
| <b>Operating expenses</b>                                       |                           |
| Operating expenses - Caltrans                                   | 28,609,482                |
| Services and charges - BATA                                     | <u>43,861,209</u>         |
| Total operating before depreciation and amortization            | 72,470,691                |
| Depreciation and amortization                                   | <u>759,887</u>            |
| Total operating expenses  | <u>73,230,578</u>         |
| Net operating income  | 415,014,686               |
| <b>Debt service and financing fees</b>                          |                           |
| Interest expense  | 197,742,351               |
| Financing fees  | 14,441,725                |
| Bond issuance costs   | <u>2,332,921</u>          |
| Total debt service and financing fees                           | <u>214,516,997</u>        |
| Income before grants & operating transfers                      | 200,497,689               |
| Caltrans/ other agency operating grants                         | 46,243,663                |
| <b>Operating transfers</b>                                      |                           |
| Metropolitan Transportation Commission administrative transfers | 5,250,642                 |
| Metropolitan Transportation Commission transit transfers        |                           |
| AB 664 expenses   | 10,881,735                |
| 90% rail expenses   | 9,045,859                 |
| 5% transit expenses   | 872,895                   |
| Transfers to Regional Measure 2 operators                       | <u>28,341,977</u>         |
| Total operating transfers                                       | 54,393,108                |
| Net income before capital transfers                             | <u>192,348,244</u>        |
| <b>Capital project transfers</b>                                |                           |
| SAFE transfer   | 761,000                   |
| Metropolitan Transportation Commission Translink/ UPP           | 1,157,541                 |
| Regional Measure 1 transfers                                    | 94,795,395                |
| Maintenance A transfers   | 6,061,085                 |
| Bridge rehabilitation transfers                                 | 31,262,816                |
| Regional Measure 2 transfers                                    | 122,101,360               |
| Bridge Seismic transfers  | 718,155,840               |
| Transfers to other agencies                                     | <u>10,669,099</u>         |
| Total capital transfers   | <u>984,964,136</u>        |
| <b>Change in net assets</b>                                     | (792,615,892)             |
| <b>Total net assets/(deficits) - beginning</b>                  | <u>(2,225,847,394)</u>    |
| <b>Total net assets/(deficits) - ending</b>                     | <u>\$ (3,018,463,286)</u> |

**Metropolitan Transportation Commission**  
**Schedule of Computations Demonstrating**  
**Bond Covenant Compliance – BATA Proprietary Fund, *continued***  
**For the Year Ended June 30, 2009**

**Schedule 12**

|   | <b>2009</b>    |
|---|----------------|
| Net revenue <sup>1,6</sup>  | \$ 498,354,937 |
| Debt service <sup>2</sup>   | \$ 238,607,351 |
| Debt service coverage <sup>3</sup>  | 2.09           |
| Debt service coverage - bond covenant requirement   | 1.20           |
| <br>  |                |
| Net revenue <sup>1,6</sup>  | \$ 498,354,937 |
| Debt service <sup>2</sup> , operating transfer and costs <sup>7</sup> , financing fees <sup>4</sup> | \$ 313,503,269 |
| Fixed charge coverage   | 1.59           |
| Fixed charge coverage - bond covenant requirement   | 1.00           |
| <br>  |                |
| Net revenue <sup>1,6</sup> plus operations & maintenance reserve                                    | \$ 648,354,937 |
| Fixed charges <sup>5</sup>  | \$ 313,503,269 |
| Fixed charge coverage   | 2.07           |
| Fixed charge coverage - bond covenant requirement   | 1.25           |
| <br>  |                |
| Self insurance reserve  | \$ 50,000,000  |
| Self insurance reserve - bond covenant requirement  | \$ 50,000,000  |
| <br>  |                |
| Operations & maintenance reserve  | \$ 150,000,000 |

<sup>1</sup> Total revenue less Caltrans operating expenses

<sup>2</sup> Interest expense plus principal retirement of \$40,865,000

<sup>3</sup> Based on debt outstanding from May 24, 2001 to August 28, 2009

<sup>4</sup> Including BATA service and charges (excluding depreciation) = 1.40

<sup>5</sup> Fixed charges comprise debt service, financing fees, and operating transfers ( including BATA expense = 1.81)

<sup>6</sup> Net revenue includes interest earnings adjusted for the derivative investment charge of \$38,719,155. See Note S.

<sup>7</sup> Operating transfer and costs include Caltrans maintenance and RM2 operating costs

**Metropolitan Transportation Commission**  
**Schedule of Operating Revenues and Expenses – BATA Proprietary Fund – By Bridge**  
**For the Year Ended June 30, 2009**

**Schedule 13**

|   | <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/>Bridge</b> | <b>San Mateo -<br/>Hayward<br/>Bridge</b> | <b>Dumbarton<br/>Bridge</b> | <b>Total</b>          |
|---|-----------------------------|--|---------------------------|---|---|---|-----------------------------|-----------------------|
| <b>Operating revenues</b>                   |                             |  |                           |   |   |   |                             |                       |
| Toll revenues collected                     | \$83,121,692                | \$73,535,614                             | \$ 9,848,575              | \$48,263,187                                | \$ 163,424,734                                    | \$56,451,232                              | \$ 35,491,342               | \$ 470,136,376 *      |
| Other operating revenues                    | 3,038,990                   | 2,927,957                                | 284,188                   | 1,640,775                                   | 5,673,526   | 2,184,970                                 | 1,077,783                   | 16,828,189            |
| Total operating revenues                    | 86,160,682                  | 76,463,571                               | 10,132,763                | 49,903,962                                  | 169,098,260                                       | 58,636,202                                | 36,569,125                  | 486,964,565           |
| <b>Operating expenses</b>                   |                             |  |                           |   |   |   |                             |                       |
| Operating expenditures incurred by Caltrans | 3,909,418                   | 4,040,299                                | 1,566,618                 | 2,572,313                                   | 10,573,201  | 3,475,014                                 | 2,472,619                   | 28,609,482            |
| Services and charges                        | 7,754,809                   | 6,860,480                                | 918,819                   | 4,502,697                                   | 15,246,654  | 5,266,598                                 | 3,311,152                   | 43,861,209            |
| Allocations to other agencies               | 5,010,957                   | 4,433,064                                | 593,717                   | 2,909,526                                   | 9,851,993   | 3,403,139                                 | 2,139,581                   | 28,341,977            |
| Depreciation                                | 134,473                     | 119,335                                  | 15,816                    | 77,857                                      | 263,832   | 91,506                                    | 57,068                      | 759,887               |
| Total operating expenses                    | 16,809,657                  | 15,453,178                               | 3,094,970                 | 10,062,393                                  | 35,935,680  | 12,236,257                                | 7,980,420                   | 101,572,555           |
| <b>Operating income</b>                     | <b>\$69,351,025</b>         | <b>\$61,010,393</b>                      | <b>\$ 7,037,793</b>       | <b>\$39,841,569</b>                         | <b>\$ 133,162,580</b>                             | <b>\$46,399,945</b>                       | <b>\$ 28,588,705</b>        | <b>\$ 385,392,010</b> |
| * Toll revenues by Program                  |                             |  |                           |   |   |   |                             |                       |
| Regional Measure 1 (RM1)                    | \$24,801,938                | \$21,258,412                             | \$ 3,223,730              | \$13,639,229                                | \$ 43,075,520                                     | \$15,566,817                              | \$ 9,368,508                | \$ 130,934,154        |
| Regional Measure 2 (RM2)                    | 19,440,890                  | 17,426,414                               | 2,208,357                 | 11,541,829                                  | 40,118,033  | 13,628,691                                | 8,707,943                   | 113,072,157           |
| Seismic Program                             | 38,878,864                  | 34,850,788                               | 4,416,488                 | 23,082,129                                  | 80,231,181  | 27,255,724                                | 17,414,891                  | 226,130,065           |
| Total Toll Revenues                         | \$83,121,692                | \$73,535,614                             | \$ 9,848,575              | \$48,263,187                                | \$ 163,424,734                                    | \$56,451,232                              | \$ 35,491,342               | \$ 470,136,376        |

**Metropolitan Transportation Commission**  
**Combining Statement of Changes in Assets and Liabilities by Participant –**  
**Agency Funds**  
**For the Year Ended June 30, 2009**

**Schedule 14**

|  | <b>Balance</b>       |                   |                   | <b>Balance</b>       |
|--|----------------------|-------------------|-------------------|----------------------|
| <u><b>County of Alameda</b></u>          | <b>July 1, 2008</b>  | <b>Additions</b>  | <b>Deductions</b> | <b>June 30, 2009</b> |
| <b>Assets</b>                            |                      |                   |                   |                      |
| Cash and cash equivalents                | \$ 14,895,937        | 57,576,065        | 58,712,759        | \$ 13,759,243        |
| Receivables - interest                   | 150,000              | 60,000            | 150,000           | 60,000               |
| <b>Total Assets</b>                      | <b>\$ 15,045,937</b> | <b>57,636,065</b> | <b>58,862,759</b> | <b>\$ 13,819,243</b> |
| <b>Liabilities</b>                       |                      |                   |                   |                      |
| Accounts payable and accrued liabilities | \$ 1,087,685         | 56,999,276        | 57,252,618        | \$ 834,343           |
| Due to other governments                 | 13,958,252           | 636,789           | 1,610,141         | 12,984,900           |
| <b>Total Liabilities</b>                 | <b>\$ 15,045,937</b> | <b>57,636,065</b> | <b>58,862,759</b> | <b>\$ 13,819,243</b> |
| <br><b>County of Contra Costa</b>        |                      |                   |                   |                      |
| <b>Assets</b>                            |                      |                   |                   |                      |
| Cash and cash equivalents                | \$ 16,013,576        | 37,109,907        | 41,519,024        | \$ 11,604,459        |
| Receivables - interest                   | 13,389               | -                 | 13,389            | -                    |
| <b>Total Assets</b>                      | <b>\$ 16,026,965</b> | <b>37,109,907</b> | <b>41,532,413</b> | <b>\$ 11,604,459</b> |
| <b>Liabilities</b>                       |                      |                   |                   |                      |
| Accounts payable and accrued liabilities | \$ 857,712           | 40,341,889        | 40,562,840        | \$ 636,761           |
| Due to other governments                 | 15,169,253           | (3,231,982)       | 969,573           | 10,967,698           |
| <b>Total Liabilities</b>                 | <b>\$ 16,026,965</b> | <b>37,109,907</b> | <b>41,532,413</b> | <b>\$ 11,604,459</b> |
| <br><b>County of Marin</b>               |                      |                   |                   |                      |
| <b>Assets</b>                            |                      |                   |                   |                      |
| Cash and cash equivalents                | \$ 1,533,526         | 9,961,960         | 9,912,001         | \$ 1,583,485         |
| Receivables - interest                   | 20,000               | 5,592             | 20,000            | 5,592                |
| <b>Total Assets</b>                      | <b>\$ 1,553,526</b>  | <b>9,967,552</b>  | <b>9,932,001</b>  | <b>\$ 1,589,077</b>  |
| <b>Liabilities</b>                       |                      |                   |                   |                      |
| Accounts payable                         | \$ 190,436           | 9,321,680         | 9,512,116         | \$ -                 |
| Due to other governments                 | 1,363,090            | 645,872           | 419,885           | 1,589,077            |
| <b>Total Liabilities</b>                 | <b>\$ 1,553,526</b>  | <b>9,967,552</b>  | <b>9,932,001</b>  | <b>1,589,077</b>     |
| <br><b>County of Napa</b>                |                      |                   |                   |                      |
| <b>Assets</b>                            |                      |                   |                   |                      |
| Cash and cash equivalents                | \$ 12,009,912        | 6,474,575         | 6,511,495         | \$ 11,972,992        |
| <b>Total Assets</b>                      | <b>\$ 12,009,912</b> | <b>6,474,575</b>  | <b>6,511,495</b>  | <b>\$ 11,972,992</b> |
| <b>Liabilities</b>                       |                      |                   |                   |                      |
| Accounts payable and accrued liabilities | \$ 58,474            | 8,186,264         | 6,288,768         | \$ 1,955,970         |
| Due to other governments                 | 11,951,438           | (1,711,689)       | 222,727           | 10,017,022           |
| <b>Total Liabilities</b>                 | <b>\$ 12,009,912</b> | <b>6,474,575</b>  | <b>6,511,495</b>  | <b>\$ 11,972,992</b> |

**Metropolitan Transportation Commission**  
**Combining Statement of Changes in Assets and Liabilities by Participant –**  
**Agency Funds, *continued***  
**For the Year Ended June 30, 2009**

**Schedule 14**

| <u>County of San Francisco</u>           | Balance<br>July 1, 2008 | Additions         | Deductions        | Balance<br>June 30, 2009 |
|--|-------------------------|-------------------|-------------------|--------------------------|
| <b>Assets</b>                            |                         |                   |                   |                          |
| Cash and cash equivalents                | \$ 1,824,017            | 37,026,321        | 36,996,308        | \$ 1,854,030             |
| Total Assets                             | <u>\$ 1,824,017</u>     | <u>37,026,321</u> | <u>36,996,308</u> | <u>\$ 1,854,030</u>      |
| <b>Liabilities</b>                       |                         |                   |                   |                          |
| Accounts payable and accrued liabilities | \$ 218,387              | 34,105,690        | 33,997,936        | \$ 326,141               |
| Due to other governments                 | 1,605,630               | 2,920,631         | 2,998,372         | 1,527,889                |
| Total Liabilities                        | <u>\$ 1,824,017</u>     | <u>37,026,321</u> | <u>36,996,308</u> | <u>\$ 1,854,030</u>      |
| <br>                                     |                         |                   |                   |                          |
| <b><u>County of Santa Mateo</u></b>      |                         |                   |                   |                          |
| <b>Assets</b>                            |                         |                   |                   |                          |
| Cash and cash equivalents                | \$ 2,788,463            | 32,656,638        | 33,546,487        | \$ 1,898,614             |
| Receivables - interest                   | 26,710                  | 14,509            | 26,710            | 14,509                   |
| Total Assets                             | <u>\$ 2,815,173</u>     | <u>32,671,147</u> | <u>33,573,197</u> | <u>\$ 1,913,123</u>      |
| <b>Liabilities</b>                       |                         |                   |                   |                          |
| Accounts payable and accrued liabilities | \$ 285,464              | 30,330,239        | 30,562,798        | \$ 52,905                |
| Due to other governments                 | 2,529,709               | 2,340,908         | 3,010,399         | 1,860,218                |
| Total Liabilities                        | <u>\$ 2,815,173</u>     | <u>32,671,147</u> | <u>33,573,197</u> | <u>\$ 1,913,123</u>      |
| <br>                                     |                         |                   |                   |                          |
| <b><u>County of Santa Clara</u></b>      |                         |                   |                   |                          |
| <b>Assets</b>                            |                         |                   |                   |                          |
| Cash and cash equivalents                | \$ 5,124,521            | 81,036,251        | 81,764,086        | \$ 4,396,686             |
| Total Assets                             | <u>\$ 5,124,521</u>     | <u>81,036,251</u> | <u>81,764,086</u> | <u>\$ 4,396,686</u>      |
| <b>Liabilities</b>                       |                         |                   |                   |                          |
| Accounts payable and accrued liabilities | \$ 437,179              | 74,950,303        | 74,907,290        | \$ 480,192               |
| Due to other governments                 | 4,687,342               | 6,085,948         | 6,856,796         | 3,916,494                |
| Total Liabilities                        | <u>\$ 5,124,521</u>     | <u>81,036,251</u> | <u>81,764,086</u> | <u>\$ 4,396,686</u>      |
| <br>                                     |                         |                   |                   |                          |
| <b><u>County of Solano</u></b>           |                         |                   |                   |                          |
| <b>Assets</b>                            |                         |                   |                   |                          |
| Cash and cash equivalents                | \$ 7,237,614            | 19,612,639        | 15,794,073        | \$ 11,056,180            |
| Total Assets                             | <u>\$ 7,237,614</u>     | <u>19,612,639</u> | <u>15,794,073</u> | <u>\$ 11,056,180</u>     |
| <b>Liabilities</b>                       |                         |                   |                   |                          |
| Accounts payable and accrued liabilities | \$ 538,096              | 16,344,093        | 15,778,848        | \$ 1,103,341             |
| Due to other governments                 | 6,699,518               | 3,268,546         | 15,225            | 9,952,839                |
| Total Liabilities                        | <u>\$ 7,237,614</u>     | <u>19,612,639</u> | <u>15,794,073</u> | <u>\$ 11,056,180</u>     |



**Metropolitan Transportation Commission**  
**Combining Statement of Changes in Assets and Liabilities by Participant –**  
**Agency Funds, *continued***  
**For the Year Ended June 30, 2009**

**Schedule 14**

| <u>County of Sonoma</u>                    | Balance<br>July 1, 2008 | Additions          | Deductions         | Balance<br>June 30, 2009 |
|--|-------------------------|--------------------|--------------------|--------------------------|
| <b>Assets</b>                              |                         |                    |                    |                          |
| Cash and cash equivalents                  | \$ 16,821,180           | 20,283,715         | 23,020,614         | \$ 14,084,281            |
| Total Assets                               | <u>\$ 16,821,180</u>    | <u>20,283,715</u>  | <u>23,020,614</u>  | <u>\$ 14,084,281</u>     |
| <b>Liabilities</b>                         |                         |                    |                    |                          |
| Accounts payable and accrued liabilities   | \$ 1,446,333            | 23,333,595         | 23,859,403         | \$ 920,525               |
| Due to other governments                   | 15,374,847              | (3,049,880)        | (838,789)          | 13,163,756               |
| Total Liabilities                          | <u>\$ 16,821,180</u>    | <u>20,283,715</u>  | <u>23,020,614</u>  | <u>\$ 14,084,281</u>     |
| <br><b><u>AB 1107</u></b>                  |                         |                    |                    |                          |
| <b>Assets</b>                              |                         |                    |                    |                          |
| Cash and cash equivalents                  | \$ -                    | 61,632,065         | 61,632,065         | \$ -                     |
| Total Assets                               | <u>\$ -</u>             | <u>61,632,065</u>  | <u>61,632,065</u>  | <u>\$ -</u>              |
| <b>Liabilities</b>                         |                         |                    |                    |                          |
| Accounts payable                           | \$ -                    | 61,730,774         | 61,730,774         | \$ -                     |
| Total Liabilities                          | <u>\$ -</u>             | <u>61,730,774</u>  | <u>61,730,774</u>  | <u>\$ -</u>              |
| <br><b><u>Total - All Agency Funds</u></b> |                         |                    |                    |                          |
| <b>Assets</b>                              |                         |                    |                    |                          |
| Cash and cash equivalents                  | \$ 78,248,746           | 363,370,136        | 369,408,912        | \$ 72,209,970            |
| Receivables - interest                     | 210,099                 | 80,101             | 210,099            | 80,101                   |
| Total Assets                               | <u>\$ 78,458,845</u>    | <u>363,450,237</u> | <u>369,619,011</u> | <u>\$ 72,290,071</u>     |
| <b>Liabilities</b>                         |                         |                    |                    |                          |
| Accounts payable and accrued liabilities   | \$ 5,119,766            | 355,643,803        | 354,453,391        | \$ 6,310,178             |
| Due to other governments                   | 73,339,079              | 7,806,434          | 15,165,620         | 65,979,893               |
| Total Liabilities                          | <u>\$ 78,458,845</u>    | <u>363,450,237</u> | <u>369,619,011</u> | <u>\$ 72,290,071</u>     |

**Metropolitan Transportation Commission**  
**Schedule of Interest Rate Swap Summary – BATA Proprietary Fund**  
**For the Year Ended June 30, 2009**

**Schedule 15**

| COUNTERPARTY                                    | SERIES 2001          | SERIES 2003          | SERIES 2004          | SERIES 2006            | SERIES 2007            | SERIES 2008          | TOTAL                  | PERCENTAGE BY COUNTERPARTY | RATINGS (S&P/MOODYS) |
|---|----------------------|----------------------|----------------------|------------------------|------------------------|----------------------|------------------------|----------------------------|----------------------|
| Ambac Financial Services                        | \$150,000,000        | \$193,800,000        | \$289,805,000        | \$315,000,000          | \$125,000,000          | \$0                  | \$1,073,605,000        | 32%                        | BBB/Ba3              |
| Citibank N.A.                                   | \$0                  | \$0                  | \$0                  | \$225,000,000          | \$260,000,000          | \$105,355,000        | \$590,355,000          | 18%                        | A+/A1                |
| Citigroup Financial Products                    | \$75,000,000         | \$0                  | \$0                  | \$0                    | \$0                    | \$0                  | \$75,000,000           | 2%                         | A/A3                 |
| JP Morgan Chase Bank, N.A.                      | \$0                  | \$0                  | \$0                  | \$0                    | \$0                    | \$145,400,000        | \$145,400,000          | 4%                         | AA-/Aa1              |
| JP Morgan Chase AAA Enhanced ISDA               | \$0                  | \$0                  | \$0                  | \$245,000,000          | \$270,000,000          | \$0                  | \$515,000,000          | 15%                        | AAA/Aaa              |
| Bank of America, N.A.                           | \$0                  | \$0                  | \$0                  | \$155,000,000          | \$50,000,000           | \$160,000,000        | \$365,000,000          | 11%                        | A+/Aa3               |
| Goldman Sachs Mitsui Marine Derivative Products | \$0                  | \$0                  | \$0                  | \$60,000,000           | \$85,000,000           | \$0                  | \$145,000,000          | 4%                         | AAA/Aa1              |
| Bank of New York Mellon                         | \$0                  | \$0                  | \$0                  | \$0                    | \$210,000,000          | \$146,445,000        | \$356,445,000          | 11%                        | AA/Aaa               |
| Morgan Stanley Capital Services                 | \$75,000,000         | \$0                  | \$0                  | \$0                    | \$0                    | \$0                  | \$75,000,000           | 2%                         | A/A2                 |
| <b>Total Swap Notional</b>                      | <b>\$300,000,000</b> | <b>\$193,800,000</b> | <b>\$289,805,000</b> | <b>\$1,000,000,000</b> | <b>\$1,000,000,000</b> | <b>\$557,200,000</b> | <b>\$3,340,805,000</b> |                            |                      |

|                   |                |                |                |                 |                 |                |                 |
|-------------------|----------------|----------------|----------------|-----------------|-----------------|----------------|-----------------|
| Termination Value | (\$60,836,793) | (\$37,404,325) | (\$26,124,014) | (\$137,390,904) | (\$137,564,233) | (\$11,740,158) | (\$411,060,427) |
|-------------------|----------------|----------------|----------------|-----------------|-----------------|----------------|-----------------|

**Metropolitan Transportation Commission**  
**Schedule of Interest Rate Swap for Series 2001, 2003 and 2004 – BATA Proprietary Fund**  
**For the Year Ended June 30, 2009**

**Schedule 16**

|   | SERIES A-2001                   | SERIES A-2001                | SERIES B-2001            | SERIES C-2001            | SERIES 2003              | SERIES 2004              | TOTAL           |
|---|---------------------------------|------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-----------------|
| Notional Amount                             | \$75,000,000                    | \$75,000,000                 | \$75,000,000             | \$75,000,000             | \$193,800,000            | \$289,805,000            | \$783,605,000   |
| Trade Date                                  | 1/10/2002                       | 1/10/2002                    | 1/10/2002                | 1/10/2002                | 5/7/2002                 | 8/31/2004                |                 |
| Effective Date                              | 1/14/2002                       | 1/14/2002                    | 1/14/2002                | 1/14/2002                | 3/3/2003                 | 10/5/2004                |                 |
| Swap Mode                                   | 65% One Mth LIBOR (1)           | 65% One Mth LIBOR (1)        | 65% One Mth LIBOR (1)    | 65% One Mth LIBOR (1)    | 65% One Mth LIBOR        | 54% One Mth LIBOR+0.54%  |                 |
| Maturity                                    | 4/1/2036                        | 4/1/2036                     | 4/1/2029                 | 4/1/2025                 | 4/1/2038                 | 4/1/2039                 |                 |
| Basis Cost                                  | Yes                             | Yes                          | Yes                      | Yes                      | Yes                      | Yes                      |                 |
| Swap Cost                                   | 4.0900%                         | 4.1000%                      | 4.1200%                  | 4.1100%                  | 4.1390%                  | 3.4155%                  |                 |
| Counterparty (CP)                           | Morgan Stanley Capital Services | Citigroup Financial Products | AMBAC Financial Services | AMBAC Financial Services | AMBAC Financial Services | AMBAC Financial Services |                 |
| S&P/Moodys                                  | A/A2                            | A/A3                         | BBB/Baa3                 | BBB/Baa3                 | BBB/Baa3                 | BBB/Baa3                 |                 |
| Ratings Outlook/watch                       | Negative                        | Stable                       | Negative                 | Negative                 | Negative                 | Negative                 |                 |
| Termination Value<br>Due from (to) CP       | (\$16,741,156)                  | (\$16,857,869)               | (\$14,879,183)           | (\$12,358,585)           | (\$37,404,325)           | (\$26,124,014)           | (\$124,365,132) |
| Credit Risk                                 |                                 |                              |                          |                          |                          |                          |                 |
| CP Collateral Posting (2)                   |                                 |                              |                          |                          |                          |                          |                 |
| 1a) CP="A-", "A", or "A+" (S&P)<br>or       | Yes                             | Yes                          | No                       | No                       | No                       | No                       |                 |
| 1b) CP ="A3", "A2", or "A1" (Moodys)<br>and | Yes                             | Yes                          | No                       | No                       | No                       | No                       |                 |
| 2) Termination Value >\$10 million          | No                              | No                           | No                       | No                       | No                       | No                       |                 |
| CP Collateral Posting (2)                   |                                 |                              |                          |                          |                          |                          |                 |
| 1c) CP<A- (S&P)<br>or                       | No                              | No                           | Yes                      | Yes                      | Yes                      | Yes                      |                 |
| 1d) CP <A3 (Moodys)<br>and                  | No                              | No                           | Yes                      | Yes                      | Yes                      | Yes                      |                 |
| 2) Termination Value >\$0                   | No                              | No                           | No                       | No                       | No                       | No                       |                 |
| Termination Risk (3)                        | No                              | No                           | No                       | No                       | No                       | No                       |                 |
| Rollover Risk                               | No                              | No                           | No                       | No                       | No                       | No                       |                 |

(1) prior to 1/1/06 was cost of fund  
(2) unilateral collateral posting by cp  
(3) unilateral termination at BATA's discretion

**Metropolitan Transportation Commission**  
**Schedule of Interest Rate Swap for Series 2006 – BATA Proprietary Fund**  
**For the Year Ended June 30, 2009**

**Schedule 17**

|   | SERIES A 2006                                      | SERIES B 2006             | SERIES 2006              | SERIES 2006           | SERIES 2006  | SERIES 2006           | TOTAL           |
|---|--|---------------------------|--------------------------|-----------------------|--|-----------------------|-----------------|
| Notional Amount   | \$245,000,000                                      | \$225,000,000             | \$315,000,000            | \$30,000,000          | \$60,000,000                                       | \$125,000,000         | \$1,000,000,000 |
| Trade Date  | 5/16/2006(5)                                       | 11/15/2005                | 11/15/2005               | 11/15/2005            | 8/28/2008  | 9/2/2008              |                 |
| Effective Date  | 2/8/2006   | 2/8/2006                  | 9/2/2008(6)              | 2/8/2006              | 8/28/2008 (6)                                      | 9/2/2008 (6)          |                 |
| Swap Mode   | 67.8% 10 Yr LIBOR CMS (1)<br>75.105% One Mth LIBOR | 53.8% One Mth LIBOR+0.74% | 68% One Mth LIBOR        | 68% One Mth LIBOR     | 68% One Mth LIBOR                                  | 68% One Mth LIBOR     |                 |
| Maturity  | 4/1/2045   | 4/1/2045                  | 4/1/2045                 | 4/1/2045              | 4/1/2045   | 4/1/2045              |                 |
| Basis Cost  | Yes  | Yes                       | Yes                      | Yes                   | Yes  | Yes                   |                 |
| Swap Cost   | 4.0000%  | 3.6375%                   | 3.6468%                  | 3.6330%               | 3.6418%  | 3.6418%               |                 |
| Counterparty (CP)   | JP Morgan Chase AAA<br>Enhanced ISDA               | Citibank, N.A.            | Ambac Financial Services | Bank of America, N.A. | Goldman Sachs Mitsui Marine<br>Derivative Products | Bank of America, N.A. |                 |
| S&P/Moodys  | AAA/Aaa  | A+/A1                     | BBB/Ba3                  | A+/Aa3                | AAA/Aa1  | A+/Aa3                |                 |
| Ratings Outlook/watch   | None   | Stable                    | Negative                 | Stable                | Negative/None                                      | Stable                |                 |
| Termination Value<br>Due from (to) CP   | (\$32,226,004)                                     | (\$26,542,353)            | (\$46,867,070)           | (\$4,391,196)         | (\$8,874,902)                                      | (\$18,489,379)        | (\$137,390,904) |
| Credit Risk<br>CP Collateral Posting (2)  |  |                           |                          |                       |  |                       |                 |
| 1a) CP = "A-", "A" or "A+" (S&P)<br>or<br>1b) CP = "A3", "A2", or "A1" (Moody's)<br>and<br>2) Termination Value >\$10 million | (3)  | Yes                       | No                       | Yes                   | No   | Yes                   |                 |
| CP Collateral Posting (2)   |  |                           |                          |                       |  |                       |                 |
| 1c) CP < A- (S&P)<br>or<br>1d) CP < A3 (Moody's)<br>and<br>2) Termination Value >\$0  | (3)  | No                        | Yes                      | No                    | No   | No                    |                 |
| Collateral Posted by CP   | (3)  |                           |                          |                       |  |                       |                 |
| Termination Risk (4)  | No   | No                        | No                       | No                    | No   | No                    |                 |
| Rollover Risk   | No   | No                        | No                       | No                    | No   | No                    |                 |

(1) amended on 6/1/06 from 75.105% one month libor; swap mode is in 2 legs, converts back to 75.105% one month libor on 4/1/36  
(2) unilateral collateral posting by CP  
(3) collateral posted by cp under terms and conditions of JPM AAA Enhanced ISDA; \$0 threshold regardless of ratings  
(4) unilateral termination at BATA's discretion  
(5) original trade date was 11/15/2005  
(6) original effective date was 2/8/06, the original swap was novated on 8/28/08 and 9/2/08 for \$60,000,000 and \$125,000,000 respectively

**Metropolitan Transportation Commission**  
**Schedule of Interest Rate Forward Swap for Series 2007 – BATA Proprietary Fund**  
**For the Year Ended June 30, 2009**

**Schedule 18**

|   | SERIES A 2007                                     | SERIES B 2007               | SERIES 2007              | SERIES 2007           | SERIES 2007                                     | SERIES 2007             | SERIES 2007             | Total           |
|---|---|-----------------------------|--------------------------|-----------------------|---|-------------------------|-------------------------|-----------------|
| Notional Amount                           | \$270,000,000                                     | \$260,000,000               | \$125,000,000            | \$50,000,000          | \$85,000,000                                    | \$170,000,000           | \$40,000,000            | \$1,000,000,000 |
| Trade Date                                | 5/16/2006 (5)                                     | 11/30/2005                  | 11/30/2005               | 11/30/2005            | 8/28/2008                                       | 9/2/2008                | 9/2/2008                |                 |
| Effective Date                            | 11/1/2007   | 11/1/2007                   | 9/2/2008 (5)             | 11/1/2007             | 8/28/2008 (6)                                   | 9/2/2008 (6)            | 9/2/2008 (6)            |                 |
| Swap Mode                                 | 69.33% 5 Yr LIBOR CMS (1)<br>75.08% One Mth LIBOR | 53.8% One Mth LIBOR + 0.74% | 68% One Mth LIBOR        | 68% One Mth LIBOR     | 68% One Mth LIBOR                               | 68 % One Mth LIBOR      | 68% One Mth LIBOR       |                 |
| Maturity                                  | 4/1/2046  | 4/1/2047                    | 4/1/2047                 | 4/1/2047              | 4/1/2047  | 4/1/2047                | 4/1/2047                |                 |
| Basis Cost                                | Yes   | Yes                         | Yes                      | Yes                   | Yes   | Yes                     | Yes                     |                 |
| Swap Cost                                 | 4.0000%   | 3.6360%                     | 3.6407%                  | 3.6255%               | 3.6357%   | 3.6357%                 | 3.6357%                 |                 |
| Counterparty (CP)                         | JP Morgan Chase AAA Enhanced ISDA                 | Citibank N.A.               | Ambac Financial Services | Bank of America, N.A. | Goldman Sachs Mitsui Marine Derivative Products | Bank of New York Mellon | Bank of New York Mellon |                 |
| S&P/Moodys                                | AAA/Aaa   | A+/A1                       | BBB/Ba3                  | A+/Aa3                | AAA/Aa1   | AA/Aaa                  | AA/Aaa                  |                 |
| Ratings Outlook                           | None  | Stable                      | Negative                 | Stable                | Negative/None                                   | Stable                  | Stable                  |                 |
| Termination Value                         |   |                             |                          |                       |   |                         |                         |                 |
| Due from (to) CP                          | (\$36,089,708)                                    | (\$31,164,278)              | (\$18,804,788)           | (\$7,386,444)         | (\$12,712,146)                                  | (\$25,424,162)          | (\$5,982,707)           | (\$137,564,233) |
| Credit Risk                               |   |                             |                          |                       |   |                         |                         |                 |
| CP Collateral Posting (2)                 |   |                             |                          |                       |   |                         |                         |                 |
| 1a) CP = "A-", "A" or "A+" (S&P) or       | (3)   | Yes                         | No                       | Yes                   | No  | No                      | No                      |                 |
| 1b) CP = "A3", "A2", or "A1" (Moodys) and | (3)   | Yes                         | No                       | No                    | No  | No                      | No                      |                 |
| 2) Termination Value > \$10 million       | (3)   | No                          | No                       | No                    | No  | No                      | No                      |                 |
| CP Collateral Posting (2)                 |   |                             |                          |                       |   |                         |                         |                 |
| 1c) CP < A- (S&P) or                      | (3)   | No                          | Yes                      | No                    | No  | No                      | No                      |                 |
| 1d) CP < A3 (Moodys)                      | (3)   | No                          | Yes                      | No                    | No  | No                      | No                      |                 |
| 2) Termination Value > \$0                | (3)   | No                          | No                       | No                    | No  | No                      | No                      |                 |
| Collateral Posted by CP                   | (3)   |                             |                          |                       |   |                         |                         |                 |
| Termination Risk (4)                      | No  | No                          | No                       | No                    | No  | No                      | No                      |                 |
| Rollover Risk                             | No  | No                          | No                       | No                    | No  | No                      | No                      |                 |

(1) amended on 6/1/06 from 75.08% one month libor; swap mode is in 2 legs, converts back to 75.08% one month libor on 4/1/2041

(2) unilateral collateral posting by CP

(3) collateral posted by cp under terms and conditions of JPM AAA ISDA; \$0 threshold regardless of ratings; collateral posted as of June 30, 2009 was approximately \$133,653.

(4) unilateral termination at BATA's discretion

(5) original effective date was 11/01/07

(6) original effective date was 11/1/07, the original swap was novated on 8/28/08 and 9/2/08 for \$85 million and \$210 million, respectively.

**Metropolitan Transportation Commission**  
**Schedule of Interest Rate Forward Swap for Series 2008 – BATA Proprietary Fund**  
**For the Year Ended June 30, 2009**

**Schedule 19**

|   | SERIES 2008 F-1            | SERIES 2008 F-1         | SERIES 2008 F-1 | SERIES 2008 F-1       | Total          |
|---|----------------------------|-------------------------|-----------------|-----------------------|----------------|
| Notional Amount                             | \$145,400,000              | \$146,445,000           | \$105,355,000   | \$160,000,000         | \$557,200,000  |
| Trade Date                                  | 8/28/2008                  | 8/28/2008               | 8/28/2008       | 8/28/2008             |                |
| Effective Date                              | 8/28/2008                  | 8/28/2008               | 8/28/2008       | 8/28/2008             |                |
| Swap Fix Receiver Rate                      | 3.9025%                    | 4.0400%                 | 3.9670%         | 4.0130%               |                |
| Maturity                                    | 4/1/2047                   | 4/1/2047                | 4/1/2047        | 4/1/2045              |                |
| Basis Cost                                  | No                         | No                      | No              | No                    |                |
| Swap Payer Index                            | SIFMA                      | SIFMA                   | SIFMA           | SIFMA                 |                |
| Counterparty (CP)                           | JP Morgan Chase Bank, N.A. | Bank of New York Mellon | Citibank N.A.   | Bank of America, N.A. |                |
| S&P/Moodys                                  | AA-/Aa1                    | AA/Aaa                  | A+/A1           | A+/Aa3                |                |
| Ratings Outlook                             | Negative                   | Stable                  | Stable          | Stable                |                |
| Termination Value                           |                            |                         |                 |                       |                |
| Due from (to) CP                            | (\$2,698,174)              | (\$2,927,345)           | (\$2,677,260)   | (\$3,437,379)         | (\$11,740,158) |
| Credit Risk                                 |                            |                         |                 |                       |                |
| CP Collateral Posting (1)                   |                            |                         |                 |                       |                |
| 1a) CP = "A-", "A", or "A+" (S&P)<br>or     | No                         | No                      | Yes             | Yes                   |                |
| 1b) CP = "A3", "A2" or "A1" (Moodys)<br>and | No                         | No                      | Yes             | No                    |                |
| 2) Termination Value > \$10 million         | No                         | No                      | No              | No                    |                |
| CP Collateral Posting (1)                   |                            |                         |                 |                       |                |
| 1c) CP < A- (S&P)<br>or                     | No                         | No                      | No              | No                    |                |
| 1d) CP < A3 (Moodys)                        | No                         | No                      | No              | No                    |                |
| 2) Termination Value > \$0                  | No                         | No                      | No              | No                    |                |
| Termination Risk (2)                        | Yes                        | Yes                     | Yes             | Yes                   |                |
| Rollover Risk                               | Yes                        | Yes                     | Yes             | Yes                   |                |

(1) swap termination option by CP on 4/1/2011

(2) unilateral termination at BATA's discretion with 15 days notice; CP has one time termination option on 4/1/2011

# STATISTICAL SECTION

This part of the MTC's comprehensive annual financial report presents detailed information to aid in understanding information contained in the financial statements, note disclosures, and required supplementary information.

| <b>Contents</b> | <b>Page</b> |
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| <b>Financial Trends</b> | <b>110</b> |
|-------------------------|------------|

These schedules provide trend information to assist the reader in understanding the change in MTC's financial performance over time.

|                         |            |
|-------------------------|------------|
| <b>Revenue Capacity</b> | <b>115</b> |
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These schedules include information to help the reader assess MTC's most significant local revenue source, Toll Bridge Revenue.

|                      |            |
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| <b>Debt Capacity</b> | <b>120</b> |
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These schedules provide information to help the reader assess the affordability of MTC's current levels of outstanding debt and its ability to issue additional debt in the future.

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| <b>Demographic and Economic Information</b> | <b>122</b> |
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These schedules offer demographic and economic indicators to help the reader understand the environment in which MTC's financial activities take place.

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| <b>Operating Information</b> | <b>124</b> |
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These schedules contain service and infrastructure data to help the reader understand how the information in MTC's financial report relates to the services provided and the activities performed.

**Metropolitan Transportation Commission**  
**Net Assets (deficit) by Component (\$000)**  
**By Fiscal Year**

**Table 1**

|   | FISCAL YEAR |            |              |              |                |                |                |                |
|---|-------------|------------|--------------|--------------|----------------|----------------|----------------|----------------|
|   | 2002        | 2003       | 2004         | 2005         | 2006           | 2007           | 2008*          | 2009           |
| Governmental activities                         |             |            |              |              |                |                |                |                |
| Invested in capital assets, net of related debt | \$ 3,466    | \$ 3,145   | \$ 2,946     | \$ 6,051     | \$ 5,827       | \$ 6,015       | \$ 8,768       | \$ 8,393       |
| Restricted                                      | 101,516     | 123,408    | 116,532      | 104,451      | 117,117        | 157,234        | 337,420        | 329,243        |
| Unrestricted                                    | 63,366      | 37,499     | 35,169       | 49,795       | 50,970         | 130,205        | (33,269)       | (29,911)       |
| Total governmental activities net assets        | \$ 168,348  | \$ 164,052 | \$ 154,647   | \$ 160,297   | \$ 173,914     | \$ 293,454     | \$ 312,919     | \$ 307,725     |
| Business-type activities                        |             |            |              |              |                |                |                |                |
| Invested in capital assets, net of related debt | \$ 1,274    | \$ 2,137   | \$ 1,886     | \$ 4,895     | \$ 5,539       | \$ 5,596       | \$ 8,206       | \$ 12,779      |
| Restricted                                      | 125,000     | 130,000    | 175,000      | 257,670      | 643,444        | 691,735        | 338,458        | 293,873        |
| Unrestricted                                    | 288,981     | 40,210     | (320,399)    | (592,302)    | (1,914,340)    | (2,347,410)    | (2,549,520)    | (3,304,407)    |
| Total business-type activities net assets       | \$ 415,255  | \$ 172,347 | \$ (143,513) | \$ (329,737) | \$ (1,265,357) | \$ (1,650,079) | \$ (2,202,856) | \$ (2,997,755) |
| Total Primary government                        |             |            |              |              |                |                |                |                |
| Invested in capital assets, net of related debt | \$ 4,740    | \$ 5,282   | \$ 4,832     | \$ 10,946    | \$ 11,366      | \$ 11,611      | \$ 16,974      | \$ 21,172      |
| Restricted                                      | 226,516     | 253,408    | 291,532      | 362,121      | 760,560        | 848,969        | 675,878        | 623,116        |
| Unrestricted                                    | 352,347     | 77,709     | (285,230)    | (542,507)    | (1,863,369)    | (2,217,205)    | (2,582,789)    | (3,334,318)    |
| Total primary government net assets             | \$ 583,603  | \$ 336,399 | \$ 11,134    | \$ (169,440) | \$ (1,091,443) | \$ (1,356,625) | \$ (1,889,937) | \$ (2,690,030) |

\*Note: Fiscal 2008 was restated per GASB 54. Fiscal years 2002 through 2007 have not been restated.



**Metropolitan Transportation Commission**  
**Changes in Net Assets (\$000)**  
**By Fiscal Year**

**Table 2**

|   | FISCAL YEAR         |                     |                     |                     |                   |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|-------------------|---------------------|---------------------|---------------------|
|   | <u>2002</u>         | <u>2003</u>         | <u>2004</u>         | <u>2005</u>         | <u>2006</u>       | <u>2007</u>         | <u>2008</u>         | <u>2009</u>         |
| <b>Expenses</b>                                 |                     |                     |                     |                     |                   |                     |                     |                     |
| Governmental activities:                        |                     |                     |                     |                     |                   |                     |                     |                     |
| General government                              | \$ 45,895           | \$ 48,571           | \$ 47,238           | \$ 47,452           | \$ 63,297         | \$ 93,884           | \$ 85,203           | \$ 86,672           |
| Transportation                                  | 92,787              | 105,152             | 81,873              | 71,885              | 87,731            | 145,647             | 152,999             | 99,154              |
| Total governmental activities expenses          | <u>138,682</u>      | <u>153,723</u>      | <u>129,111</u>      | <u>119,337</u>      | <u>151,028</u>    | <u>239,531</u>      | <u>238,202</u>      | <u>185,826</u>      |
| Business-type activities:                       |                     |                     |                     |                     |                   |                     |                     |                     |
| Toll bridge activities                          | \$ 347,030          | \$ 390,063          | \$ 451,930          | \$ 433,703          | \$ 617,546        | \$ 1,155,916        | \$ 1,234,968        | \$ 1,299,135        |
| Congestion relief                               | 9,251               | 10,376              | 10,869              | 11,789              | 12,402            | 16,892              | 13,675              | 14,363              |
| Total business-type activities expenses         | <u>356,281</u>      | <u>400,439</u>      | <u>462,799</u>      | <u>445,492</u>      | <u>629,948</u>    | <u>1,172,808</u>    | <u>1,248,643</u>    | <u>1,313,498</u>    |
| Total primary government expenses               | <u>\$ 494,963</u>   | <u>\$ 554,162</u>   | <u>\$ 591,910</u>   | <u>\$ 564,829</u>   | <u>\$ 780,976</u> | <u>\$ 1,412,339</u> | <u>\$ 1,486,845</u> | <u>\$ 1,499,324</u> |
| <b>Program Revenues</b>                         |                     |                     |                     |                     |                   |                     |                     |                     |
| Governmental activities:                        |                     |                     |                     |                     |                   |                     |                     |                     |
| Charges for services                            |                     |                     |                     |                     |                   |                     |                     |                     |
| Operating grants and contributions              | \$ 47,069           | \$ 48,068           | \$ 49,974           | \$ 50,165           | \$ 57,641         | \$ 320,311          | \$ 207,496          | \$ 85,048           |
| Capital grants and contributions                | 64,473              | 72,345              | 42,344              | 44,957              | 70,770            | -                   | 9,858               | 61,796              |
| Total governmental activities program revenues  | <u>111,542</u>      | <u>120,413</u>      | <u>92,318</u>       | <u>95,122</u>       | <u>128,411</u>    | <u>320,311</u>      | <u>217,354</u>      | <u>146,844</u>      |
| Business-type activities:                       |                     |                     |                     |                     |                   |                     |                     |                     |
| Charges for services                            |                     |                     |                     |                     |                   |                     |                     |                     |
| Operating grants and contributions              | 150,128             | 151,914             | 152,937             | 256,466             | 293,000           | 434,341             | 497,712             | 492,963             |
| Operating grants and contributions              | 7,068               | 7,074               | 6,718               | 8,130               | 8,868             | 283,082             | 110,372             | 53,490              |
| Capital grants and contributions                | -                   | -                   | -                   | -                   | 499,403           | 1,235               | -                   | -                   |
| Total business-type activities program revenues | <u>157,196</u>      | <u>158,988</u>      | <u>159,655</u>      | <u>264,596</u>      | <u>801,271</u>    | <u>718,658</u>      | <u>608,084</u>      | <u>546,453</u>      |
| Total primary government program revenues       | <u>\$ 268,738</u>   | <u>\$ 279,401</u>   | <u>\$ 251,973</u>   | <u>\$ 359,718</u>   | <u>\$ 929,682</u> | <u>\$ 1,038,969</u> | <u>\$ 825,438</u>   | <u>\$ 693,297</u>   |
| Net (expense)/revenue                           |                     |                     |                     |                     |                   |                     |                     |                     |
| Governmental activities                         | \$ (27,140)         | \$ (33,310)         | \$ (36,793)         | \$ (24,215)         | \$ (22,617)       | \$ 80,780           | \$ (20,848)         | \$ (38,982)         |
| Business-type activities                        | (199,085)           | (241,451)           | (303,144)           | (180,896)           | 171,323           | (454,150)           | (640,559)           | (767,045)           |
| Total primary government net expense            | <u>\$ (226,225)</u> | <u>\$ (274,761)</u> | <u>\$ (339,937)</u> | <u>\$ (205,111)</u> | <u>\$ 148,706</u> | <u>\$ (373,370)</u> | <u>\$ (661,407)</u> | <u>\$ (806,027)</u> |

**Metropolitan Transportation Commission**  
**Changes in Net Assets (\$000), *continued***  
**By Fiscal Year**

**Table 2**

|   | FISCAL YEAR         |                     |                     |                     |                       |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|
|   | 2002                | 2003                | 2004                | 2005                | 2006                  | 2007                | 2008                | 2009                |
| <b>General Revenues and Other Changes in Net Assets</b> |                     |                     |                     |                     |                       |                     |                     |                     |
| Governmental activities:                                |                     |                     |                     |                     |                       |                     |                     |                     |
| Restricted investment earnings                          | \$ 4,375            | \$ 1,764            | \$ 1,090            | \$ 2,791            | \$ 3,996              | \$ 9,498            | \$ 1,454            | \$ 784              |
| Unrestricted investment earnings                        | -                   | -                   | -                   | -                   | -                     | 1,410               | 9,936               | 5,002               |
| Transfers   | 27,013              | 27,250              | 26,298              | 27,074              | 32,238                | 27,852              | 28,922              | 28,003              |
| <b>Total governmental activities</b>                    | <b>31,388</b>       | <b>29,014</b>       | <b>27,388</b>       | <b>29,865</b>       | <b>36,234</b>         | <b>38,760</b>       | <b>40,312</b>       | <b>33,789</b>       |
| Business-type activities:                               |                     |                     |                     |                     |                       |                     |                     |                     |
| Unrestricted investment earnings                        | 45,598              | 25,793              | 11,185              | 21,746              | 44,857                | 97,280              | 116,704             | 149                 |
| Contributed capital                                     | -                   | -                   | 2,397               | -                   | -                     | -                   | -                   | -                   |
| Extraordinary item                                      | -                   | -                   | -                   | -                   | (1,119,562)           | -                   | -                   | -                   |
| Transfers   | (27,013)            | (27,250)            | (26,298)            | (27,074)            | (32,238)              | (27,852)            | (28,922)            | (28,003)            |
| <b>Total business-type activities</b>                   | <b>18,585</b>       | <b>(1,457)</b>      | <b>(12,716)</b>     | <b>(5,328)</b>      | <b>(1,106,943)</b>    | <b>69,428</b>       | <b>87,782</b>       | <b>(27,854)</b>     |
| <b>Total primary government</b>                         | <b>\$ 49,973</b>    | <b>\$ 27,557</b>    | <b>\$ 14,672</b>    | <b>\$ 24,537</b>    | <b>\$ (1,070,709)</b> | <b>\$ 108,188</b>   | <b>\$ 128,094</b>   | <b>\$ 5,935</b>     |
| <b>Change in Net Assets</b>                             |                     |                     |                     |                     |                       |                     |                     |                     |
| Governmental activities                                 | \$ 4,248            | \$ (4,296)          | \$ (9,405)          | \$ 5,650            | \$ 13,617             | \$ 119,540          | \$ 19,465           | \$ (5,194)          |
| Business-type activities                                | (180,500)           | (242,908)           | (315,860)           | (186,224)           | (935,620)             | (384,722)           | (552,777)           | (794,899)           |
| <b>Total primary government</b>                         | <b>\$ (176,252)</b> | <b>\$ (247,204)</b> | <b>\$ (325,265)</b> | <b>\$ (180,574)</b> | <b>\$ (922,003)</b>   | <b>\$ (265,182)</b> | <b>\$ (533,312)</b> | <b>\$ (800,093)</b> |

**Metropolitan Transportation Commission  
Fund Balances of Governmental Funds (\$000)  
By Fiscal Year**

**Table 3**

|                                    | <b>FISCAL YEAR</b> |                  |                  |                  |                  |                   |                   |                   |
|------------------------------------|--------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
|                                    | <u>2002</u>        | <u>2003</u>      | <u>2004</u>      | <u>2005</u>      | <u>2006</u>      | <u>2007</u>       | <u>2008*</u>      | <u>2009</u>       |
| General fund                       |                    |                  |                  |                  |                  |                   |                   |                   |
| Reserved                           | \$ 15,989          | \$ 25,259        | \$ 20,310        | \$ 15,647        | \$ 15,186        | \$ 13,949         | \$ -              | \$ -              |
| Unreserved                         | 13,245             | 1,953            | 4,133            | 5,591            | 8,832            | 12,870            | -                 | -                 |
| Total general fund                 | <u>\$ 29,234</u>   | <u>\$ 27,212</u> | <u>\$ 24,443</u> | <u>\$ 21,238</u> | <u>\$ 24,018</u> | <u>\$ 26,819</u>  | <u>\$ -</u>       | <u>\$ -</u>       |
| All other governmental funds       |                    |                  |                  |                  |                  |                   |                   |                   |
| Reserved                           | \$ 53,087          | \$ 58,214        | \$ 48,413        | \$ 43,938        | \$ 44,931        | \$ 97,455         | \$ -              | \$ -              |
| Unreserved, reported in:           |                    |                  |                  |                  |                  |                   |                   |                   |
| Capital projects fund              | -                  | -                | -                | -                | -                | 96                | -                 | -                 |
| Special revenue funds              | 50,194             | 35,601           | 31,072           | 35,032           | 44,556           | 117,239           | -                 | -                 |
| Total all other governmental funds | <u>\$ 103,281</u>  | <u>\$ 93,815</u> | <u>\$ 79,485</u> | <u>\$ 78,970</u> | <u>\$ 89,487</u> | <u>\$ 214,790</u> | <u>\$ -</u>       | <u>\$ -</u>       |
| General fund                       |                    |                  |                  |                  |                  |                   |                   |                   |
| Nonspendable                       | -                  | -                | -                | -                | -                | -                 | \$ 408            | \$ 593            |
| Restricted for                     | -                  | -                | -                | -                | -                | -                 | 4,175             | 5,086             |
| Committed to                       | -                  | -                | -                | -                | -                | -                 | 3,002             | 3,836             |
| Unassigned                         | -                  | -                | -                | -                | -                | -                 | 11,676            | 10,210            |
| Total general fund                 | <u>\$ -</u>        | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>       | <u>\$ 19,262</u>  | <u>\$ 19,725</u>  |
| All other governmental funds       |                    |                  |                  |                  |                  |                   |                   |                   |
| Nonspendable                       | -                  | -                | -                | -                | -                | -                 | \$ -              | \$ -              |
| Restricted for                     | -                  | -                | -                | -                | -                | -                 | 272,730           | 268,794           |
| Committed to                       | -                  | -                | -                | -                | -                | -                 | 7,372             | 6,550             |
| Unassigned                         | -                  | -                | -                | -                | -                | -                 | -                 | -                 |
| Total all other governmental funds | <u>\$ -</u>        | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>       | <u>\$ 280,102</u> | <u>\$ 275,344</u> |

\*Note: Fiscal 2008 was restated per GASB 54. Fiscal years 2002 through 2007 have not been restated.

**Metropolitan Transportation Commission**  
**Changes in Fund Balances of Governmental Funds (\$000)**  
**By Fiscal Year**

**Table 4**

|   | <b>FISCAL YEAR</b> |                    |                    |                   |                  |                   |                  |                   |
|---|--------------------|--------------------|--------------------|-------------------|------------------|-------------------|------------------|-------------------|
|   | <u>2002</u>        | <u>2003</u>        | <u>2004</u>        | <u>2005</u>       | <u>2006</u>      | <u>2007</u>       | <u>2008</u>      | <u>2009</u>       |
| <b>Revenues</b>                                 |                    |                    |                    |                   |                  |                   |                  |                   |
| Sales taxes                                     | \$ 9,326           | \$ 8,903           | \$ 9,087           | \$ 9,562          | \$ 10,355        | \$ 10,626         | \$ 10,800        | \$ 9,848          |
| Grants - Federal                                | 24,334             | 28,129             | 30,979             | 32,568            | 37,452           | 44,211            | 50,727           | 41,426            |
| Grants - State                                  | 71,062             | 77,009             | 45,821             | 47,339            | 74,084           | 227,809           | 127,565          | 61,796            |
| Local agencies revenues and refunds             | 6,819              | 6,372              | 6,430              | 5,653             | 6,520            | 37,666            | 33,039           | 33,774            |
| Investment income - unrestricted                | 4,375              | 1,764              | 1,090              | 2,791             | 3,997            | 9,498             | 11,346           | 5,002             |
| Investment income - restricted                  | -                  | -                  | -                  | -                 | -                | -                 | 1,454            | 783               |
| <b>Total revenues</b>                           | <b>115,916</b>     | <b>122,177</b>     | <b>93,407</b>      | <b>97,913</b>     | <b>132,408</b>   | <b>329,810</b>    | <b>234,931</b>   | <b>152,629</b>    |
| <b>Expenditures</b>                             |                    |                    |                    |                   |                  |                   |                  |                   |
| General government                              | 45,502             | 48,211             | 44,958             | 38,805            | 49,945           | 59,182            | 74,153           | 64,358            |
| Allocation to other agencies                    | 100,528            | 112,648            | 91,680             | 81,185            | 95,765           | 156,210           | 163,201          | 107,027           |
| Capital outlay                                  | 209                | 56                 | 166                | 10,540            | 5,639            | 14,166            | 15,744           | 13,542            |
| <b>Total expenditures</b>                       | <b>146,239</b>     | <b>160,915</b>     | <b>136,804</b>     | <b>130,530</b>    | <b>151,349</b>   | <b>229,558</b>    | <b>253,098</b>   | <b>184,927</b>    |
| Excess of revenues<br>over (under) expenditures | (30,323)           | (38,738)           | (43,397)           | (32,617)          | (18,941)         | 100,252           | (18,167)         | (32,298)          |
| <b>Other financing sources (uses)</b>           |                    |                    |                    |                   |                  |                   |                  |                   |
| Other financing source                          | -                  | -                  | -                  | -                 | -                | -                 | 47,000           | -                 |
| Transfer in                                     | 35,875             | 31,378             | 29,964             | 29,375            | 35,980           | 42,543            | 49,778           | 57,683            |
| Transfer out                                    | (8,863)            | (4,127)            | (3,666)            | (2,300)           | (3,742)          | (14,691)          | (20,856)         | (29,680)          |
| <b>Total other financing sources (uses)</b>     | <b>27,012</b>      | <b>27,251</b>      | <b>26,298</b>      | <b>27,075</b>     | <b>32,238</b>    | <b>27,852</b>     | <b>75,922</b>    | <b>28,003</b>     |
| <b>Net change in fund balances</b>              | <b>\$ (3,311)</b>  | <b>\$ (11,487)</b> | <b>\$ (17,099)</b> | <b>\$ (5,542)</b> | <b>\$ 13,297</b> | <b>\$ 128,104</b> | <b>\$ 57,755</b> | <b>\$ (4,295)</b> |

**Metropolitan Transportation Commission  
Primary Government Revenues  
By Fiscal Year**

**Table 5**

| Fiscal Year | PROGRAM REVENUES         |                                    |                                  | GENERAL REVENUES               |                                  | Total          |
|-------------|--------------------------|------------------------------------|----------------------------------|--------------------------------|----------------------------------|----------------|
|             | Charges for Services     | Operating Grants and Contributions | Capital Grants and Contributions | Restricted Investment Earnings | Unrestricted Investment Earnings |                |
| 2000        | \$ 146,570,469           | \$ 31,848,657                      | \$ 36,779,136                    | \$ -                           | \$ 44,447,110                    | \$ 259,645,372 |
| 2001        | <sup>1</sup> 150,759,047 | 38,906,141                         | 44,648,314                       | -                              | 50,626,342                       | 284,939,844    |
| 2002        | 150,127,560              | 44,810,738                         | 64,472,632                       | -                              | 49,973,084                       | 309,384,014    |
| 2003        | <sup>2</sup> 151,914,404 | 46,238,665                         | 72,344,529                       | -                              | 27,557,608                       | 298,055,206    |
| 2004        | 152,936,898              | 47,604,184                         | 42,343,900                       | -                              | 12,274,572                       | 255,159,554    |
| 2005        | <sup>3</sup> 256,466,211 | 48,732,356                         | 44,957,468                       | -                              | 24,537,489                       | 374,693,524    |
| 2006        | <sup>4</sup> 292,999,899 | 66,509,695                         | 570,172,943                      | -                              | 48,853,834                       | 978,536,371    |
| 2007        | <sup>5</sup> 434,341,478 | 603,392,696                        | 1,234,760                        | 1,410,000                      | 106,778,738                      | 1,147,157,672  |
| 2008        | <sup>6</sup> 497,712,304 | 317,868,256                        | 9,858,000                        | 1,454,256                      | 126,640,261                      | 953,533,077    |
| 2009        | <sup>7</sup> 492,963,040 | 200,334,018                        | -                                | 783,516                        | 5,150,515                        | 699,231,089    |

<sup>1</sup> Excludes \$400 million bond proceeds

<sup>2</sup> Excludes \$300 million bond proceeds

<sup>3</sup> Excludes \$300 million bond proceeds

<sup>4</sup> Excludes \$2,149 million bond proceeds

<sup>5</sup> Excludes \$811 million bond proceeds

<sup>6</sup> Excludes \$1,008 million bond proceeds

<sup>7</sup> Excludes \$708 million bond proceeds

**Metropolitan Transportation Commission  
Primary Government Expenses by Function  
By Fiscal Year**

**Table 6**

| <u>Fiscal Year</u> | <u>General<br/>Government</u> | <u>Transportation</u> | <u>Toll Bridge<br/>Activities</u> | <u>Congestion<br/>Relief</u> | <u>Total</u>   |
|--------------------|-------------------------------|-----------------------|-----------------------------------|------------------------------|----------------|
| 2000               | \$ 29,698,823                 | \$ 185,263,198        | \$ 33,982,565                     | \$ 11,849,116                | \$ 260,793,702 |
| 2001               | 38,845,325                    | 58,179,156            | 277,944,435                       | 9,618,902                    | 384,587,818    |
| 2002               | 45,894,987                    | 92,787,010            | 347,029,659                       | 9,251,327                    | 494,962,983    |
| 2003               | 48,570,719                    | 105,152,624           | 390,063,272                       | 10,375,587                   | 554,162,202    |
| 2004               | 47,237,837                    | 81,873,193            | 451,929,595                       | 10,869,417                   | 591,910,042    |
| 2005               | 47,451,629                    | 71,885,313            | 433,703,072                       | 11,788,922                   | 564,828,936    |
| 2006               | 63,297,372                    | 87,731,178            | 617,546,375                       | 12,401,445                   | 780,976,370    |
| 2007               | 93,884,140                    | 145,646,986           | 1,155,916,387                     | 16,891,976                   | 1,412,339,489  |
| 2008               | 85,202,758                    | 152,998,857           | 1,234,968,178                     | 13,675,326                   | 1,486,845,119  |
| 2009               | 86,671,886                    | 99,153,429            | 1,299,135,147                     | 14,363,137                   | 1,499,323,599  |

**Metropolitan Transportation Commission**  
**Toll Revenues – By Bridge**  
**By Fiscal Year**

**Table 7**

| <b>Fiscal Year</b> | <b>San Francisco-Oakland Bay Bridge</b> | <b>San Mateo-Hayward Bridge</b> | <b>Dumbarton Bridge</b> | <b>Carquinez Bridge</b> | <b>Benicia-Martinez Bridge</b> | <b>Antioch Bridge</b> | <b>Richmond-San Rafael Bridge</b> | <b>Total Revenue</b> |
|--------------------|---|---------------------------------|-------------------------|-------------------------|--------------------------------|-----------------------|-----------------------------------|----------------------|
| 2002               | \$48,549,475                            | \$15,887,162                    | \$11,548,514            | \$26,948,118            | \$21,490,553                   | \$3,369,095           | \$14,544,342                      | \$142,337,259        |
| 2003               | 48,788,086                              | 16,689,764                      | 11,114,225              | 27,475,268              | 21,792,680                     | 3,422,296             | 14,917,557                        | 144,199,876          |
| 2004               | 48,359,687                              | 17,798,598                      | 10,849,858              | 27,665,208              | 22,070,380                     | 3,618,949             | 14,813,522                        | 145,176,202          |
| 2005               | 85,879,816                              | 30,369,927                      | 18,559,373              | 46,458,835              | 36,529,638                     | 5,850,611             | 24,492,701                        | 248,140,901          |
| 2006               | 94,092,670                              | 35,638,094                      | 21,839,387              | 51,766,708              | 41,578,791                     | 6,675,489             | 28,685,717                        | 280,276,856          |
| 2007               | 141,806,435                             | 53,621,361                      | 33,662,371              | 77,320,278              | 62,637,940                     | 9,905,926             | 43,400,541                        | 422,354,852          |
| 2008               | 161,335,048                             | 59,628,110                      | 37,589,986              | 85,225,636              | 73,663,301                     | 10,545,060            | 49,389,963                        | 477,377,104          |
| 2009               | 163,424,734                             | 56,451,232                      | 35,491,342              | 83,121,692              | 73,535,614                     | 9,848,575             | 48,263,187                        | 470,136,376          |

**Metropolitan Transportation Commission  
Paid and Free Vehicles – By Bridge (in Number of Vehicles)  
By Fiscal Year**

**Table 8**

| <b>Fiscal Year</b> | <b>San Francisco-Oakland Bay Bridge</b> | <b>San Mateo-Hayward Bridge</b> | <b>Dumbarton Bridge</b> | <b>Carquinez Bridge</b> | <b>Benicia-Martinez Bridge</b> | <b>Antioch Bridge</b> | <b>Richmond-San Rafael Bridge</b> | <b>Total Traffic</b> |
|--------------------|---|---------------------------------|-------------------------|-------------------------|--------------------------------|-----------------------|-----------------------------------|----------------------|
| 2002               | 50,081,390                              | 15,183,309                      | 12,275,888              | 23,135,711              | 18,412,461                     | 2,480,315             | 13,036,822                        | 134,605,896          |
| 2003               | 49,412,655                              | 15,771,699                      | 11,539,424              | 23,305,920              | 18,517,754                     | 2,522,697             | 13,062,238                        | 134,132,387          |
| 2004               | 49,181,230                              | 16,716,970                      | 11,182,599              | 23,610,150              | 18,775,231                     | 2,659,370             | 13,036,614                        | 135,162,164          |
| 2005               | 48,092,917                              | 16,551,900                      | 10,779,979              | 23,103,224              | 18,261,679                     | 2,676,269             | 12,544,235                        | 132,010,203          |
| 2006               | 46,253,979                              | 16,948,414                      | 10,957,158              | 22,709,571              | 18,292,428                     | 2,687,915             | 12,645,557                        | 130,495,022          |
| 2007               | 45,568,951                              | 16,901,880                      | 11,108,116              | 22,762,879              | 18,230,344                     | 2,729,276             | 12,664,782                        | 129,966,228          |
| 2008               | 45,139,513                              | 16,376,583                      | 10,767,813              | 21,795,287              | 18,508,003                     | 2,559,936             | 12,528,248                        | 127,675,383          |
| 2009               | 45,568,253                              | 15,466,520                      | 10,214,522              | 21,091,173              | 18,295,365                     | 2,345,007             | 12,215,518                        | 125,196,358          |



**Metropolitan Transportation Commission  
Average Toll Rate Revenues (\$000) – By Bridge  
By Fiscal Year**

**Table 9**

| <u>Fiscal Year</u>   | <u>Antioch</u> | <u>Benicia Martinez</u> | <u>Carquinez</u> | <u>Richmond</u> | <u>San Mateo-<br/>Hayward</u> | <u>Dumbarton</u> | <u>San Francisco-<br/>Oakland</u> |
|----------------------|----------------|-------------------------|------------------|-----------------|-------------------------------|------------------|-----------------------------------|
| <b>2002</b>          |                |                         |                  |                 |                               |                  |                                   |
| No. of Paid Vehicles | 2,325          | 17,733                  | 21,678           | 12,468          | 13,726                        | 10,779           | 45,118                            |
| Average Toll Rate    | \$1.45         | \$1.21                  | \$1.24           | \$1.17          | \$1.16                        | \$1.07           | \$1.08                            |
| Total Revenue        | \$3,369        | \$21,491                | \$26,948         | \$14,544        | \$15,887                      | \$11,549         | \$48,549                          |
| <b>2003</b>          |                |                         |                  |                 |                               |                  |                                   |
| No. of Paid Vehicles | 2,354          | 17,794                  | 21,824           | 12,513          | 14,343                        | 10,224           | 44,996                            |
| Average Toll Rate    | \$1.45         | \$1.22                  | \$1.26           | \$1.19          | \$1.16                        | \$1.09           | \$1.08                            |
| Total Revenue        | \$3,422        | \$21,793                | \$27,475         | \$14,918        | \$16,690                      | \$11,114         | \$48,788                          |
| <b>2004</b>          |                |                         |                  |                 |                               |                  |                                   |
| No. of Paid Vehicles | 2,478          | 17,988                  | 22,054           | 12,399          | 15,201                        | 9,977            | 44,646                            |
| Average Toll Rate    | \$1.46         | \$1.23                  | \$1.25           | \$1.19          | \$1.17                        | \$1.09           | \$1.08                            |
| Total Revenue        | \$3,619        | \$22,070                | \$27,665         | \$14,814        | \$17,799                      | \$10,850         | \$48,360                          |
| <b>2005</b>          |                |                         |                  |                 |                               |                  |                                   |
| No. of Paid Vehicles | 2,472          | 17,116                  | 21,344           | 11,758          | 14,790                        | 9,298            | 43,357                            |
| Average Toll Rate    | \$2.37         | \$2.13                  | \$2.18           | \$2.08          | \$2.05                        | \$2.00           | \$1.98                            |
| Total Revenue        | \$5,851        | \$36,530                | \$46,459         | \$24,493        | \$30,370                      | \$18,559         | \$85,880                          |
| <b>2006</b>          |                |                         |                  |                 |                               |                  |                                   |
| No. of Paid Vehicles | 2,479          | 17,071                  | 20,914           | 11,908          | 15,131                        | 9,529            | 41,265                            |
| Average Toll Rate    | \$2.69         | \$2.44                  | \$2.48           | \$2.41          | \$2.36                        | \$2.29           | \$2.28                            |
| Total Revenue        | \$6,675        | \$41,579                | \$51,767         | \$28,686        | \$35,638                      | \$21,839         | \$94,093                          |
| <b>2007</b>          |                |                         |                  |                 |                               |                  |                                   |
| No. of Paid Vehicles | 2,517          | 16,975                  | 20,722           | 11,913          | 14,881                        | 9,516            | 40,134                            |
| Average Toll Rate    | \$3.94         | \$3.69                  | \$3.73           | \$3.64          | \$3.60                        | \$3.54           | \$3.53                            |
| Total Revenue        | \$9,906        | \$62,638                | \$77,320         | \$43,401        | \$53,621                      | \$33,662         | \$141,807                         |
| <b>2008</b>          |                |                         |                  |                 |                               |                  |                                   |
| No. of Paid Vehicles | 2,366          | 17,440                  | 19,875           | 11,782          | 14,358                        | 9,194            | 39,555                            |
| Average Toll Rate    | \$4.46         | \$4.22                  | \$4.29           | \$4.19          | \$4.15                        | \$4.09           | \$4.08                            |
| Total Revenue        | \$10,545       | \$73,663                | \$85,226         | \$49,390        | \$59,628                      | \$37,590         | \$161,335                         |
| <b>2009</b>          |                |                         |                  |                 |                               |                  |                                   |
| No. of Paid Vehicles | 2,208          | 17,426                  | 19,441           | 11,542          | 13,629                        | 8,708            | 40,118                            |
| Average Toll Rate    | \$4.46         | \$4.22                  | \$4.28           | \$4.18          | \$4.14                        | \$4.08           | \$4.07                            |
| Total Revenue        | \$9,849        | \$73,536                | \$83,122         | \$48,263        | \$56,451                      | \$35,491         | \$163,425                         |

**Metropolitan Transportation Commission**  
**Ratios of General Bonded Debt Outstanding**  
**By Fiscal Year**

**Table 10**

| <u>Fiscal Year</u> | <u>General<br/>Obligation<br/>Bonds</u> | Less:<br>Amounts<br>Available in<br>Debt Service<br>Fund | <u>Total</u>   | <u>Toll Revenue</u> | <u>Per Toll Vehicle</u> |
|--------------------|---|--|----------------|---------------------|-------------------------|
| 2002               | \$ 400,000,000                          | \$ -   | \$ 400,000,000 | \$ 142,337,259      | \$ 2.97                 |
| 2003               | 700,000,000                             | -  | 700,000,000    | 144,199,876         | 5.22                    |
| 2004               | 700,000,000                             | -  | 700,000,000    | 145,176,202         | 5.18                    |
| 2005               | 1,000,000,000                           | -  | 1,000,000,000  | 248,140,901         | 7.58                    |
| 2006               | 3,143,420,000                           | 24,148,268   | 3,119,271,732  | 280,276,856         | 23.90                   |
| 2007               | 3,863,250,000                           | 24,148,268   | 3,839,101,732  | 422,354,852         | 29.54                   |
| 2008               | 4,328,390,000                           | 238,449,821  | 4,089,940,179  | 477,377,104         | 32.03                   |
| 2009               | 4,338,155,000                           | 282,727,772  | 4,055,427,228  | 470,136,376         | 32.39                   |

Notes:

\*No Debt prior to 2001

\*\*Bonded debt represents 99 percent of all outstanding debt

**Metropolitan Transportation Commission**  
**Pledged-Revenue Coverage**  
**By Fiscal Year**

**Table 11**

| <b>Tolls Revenue Bonds</b> |                     |                                    |                              |                     |                 |                 |
|----------------------------|---------------------|------------------------------------|------------------------------|---------------------|-----------------|-----------------|
| <u>Fiscal Year</u>         | <u>Toll Revenue</u> | Less:<br><u>Operating Expenses</u> | <u>Net Available Revenue</u> | <u>Debt Service</u> |                 | <u>Coverage</u> |
|                            |                     |                                    |                              | <u>Principal</u>    | <u>Interest</u> |                 |
| 2002                       | \$ 142,337,259      | \$ 32,433,627                      | \$ 109,903,632               | \$ -                | \$ 13,357,928   | 8.23            |
| 2003                       | 144,199,876         | 38,836,593                         | 105,363,283                  | -                   | 20,440,983      | 5.15            |
| 2004                       | 145,176,202         | 48,028,344                         | 97,147,858                   | -                   | 26,663,420      | 3.64            |
| 2005                       | 248,140,901         | 54,371,891                         | 193,769,010                  | -                   | 35,373,668      | 5.48            |
| 2006                       | 280,276,856         | 81,589,254                         | 198,687,602                  | 5,785,000           | 63,146,496      | 2.88            |
| 2007                       | 422,354,852         | 100,926,883                        | 321,427,969                  | 29,705,000          | 131,438,684     | 1.99            |
| 2008                       | 477,377,104         | 101,090,539                        | 376,286,565                  | 42,620,000          | 191,859,414     | 1.60            |
| 2009                       | 470,136,376         | 101,572,555                        | 368,563,821                  | 40,865,000          | 197,742,351     | 1.54            |

**Metropolitan Transportation Commission**  
**Miscellaneous Statistics**  
**June 30, 2009**

**Table 12**

|  |   |
|--|---|
| 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)   | 166   |
| Type of Tax Support  | 3.5 % of TDA Sales Tax  |
| Region in Which Commission Operates  | San Francisco Bay Area<br>San Jose, San Francisco & Oakland<br>Combined Statistic Area including<br>San Benito & Santa Cruz |
| Number of Counties in the Region   | 9   |
| Area of Authority in Square Miles  | 6,980   |
| Population of Region in Which Commission Operates  | 7,375,678   |
| Number of Toll Bridges in the Region   | 8   |
| Traffic for All Toll Bridges - Number of Vehicles<br>(excluding Golden Gate Bridge Highway District) | 125,196,358   |
| Toll Revenues (excluding Golden Gate Bridge Highway District)  | \$ 470,136,376  |
| Number of Call Boxes in the Region   | 2,312   |

**Metropolitan Transportation Commission  
Demographic Statistics for Nine San Francisco Bay Area Counties  
Last Ten Calendar Years**

**Table 13**

| <u>Year</u> | <u>Population<sup>1</sup></u> | <u>Per Capita<br/>Income<sup>2, 5</sup></u> | <u>Median<br/>Age<sup>2, 5</sup></u> | <u>School<br/>Enrollment<sup>3</sup></u> | <u>Unemployment<br/>Rate<sup>4</sup></u> |
|-------------|-------------------------------|---|--------------------------------------|--|--|
| 2000        | 6,764,500                     | 30,934                                      | 36.6                                 | 975,710                                  | 2.50%                                    |
| 2001        | 6,861,500                     | N/A   | N/A                                  | 980,475                                  | 4.06%                                    |
| 2002        | 6,936,700                     | N/A   | N/A                                  | 972,766                                  | 6.47%                                    |
| 2003        | 6,994,500                     | N/A   | N/A                                  | 976,025                                  | 6.46%                                    |
| 2004        | 7,009,400                     | N/A   | N/A                                  | 974,281                                  | 5.30%                                    |
| 2005        | 7,096,575                     | N/A   | N/A                                  | 973,751                                  | 4.49%                                    |
| 2006        | 7,126,284                     | N/A   | N/A                                  | 971,392                                  | 4.61%                                    |
| 2007        | 7,204,492                     | N/A   | N/A                                  | 970,721                                  | 4.19%                                    |
| 2008        | 7,301,080                     | N/A   | N/A                                  | 974,089                                  | 5.81%                                    |
| 2009        | 7,375,678                     | N/A   | N/A                                  | 978,117                                  | 10.58%                                   |

Data Sources

<sup>1</sup> State of California, Dept. of Finance, Demographic Research Unit

<sup>2</sup> Bureau of Census

<sup>3</sup> California Department of Education

<sup>4</sup> State of California, Employment Development Department

<sup>5</sup> Bureau of Census conducts survey every ten years for the Median Age and Per Capita Income of the nine-county region as a whole.

**Metropolitan Transportation Commission  
Full-Time Equivalent Employees by Function  
Last Ten Fiscal Years**

**Table 14**

| Functions                | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Governmental Activities  |             |             |             |             |             |             |             |             |             |             |
| General government       | 57          | 58          | 58          | 56          | 55          | 56          | 65          | 65          | 66          | 66          |
| Transportation           | 53          | 58          | 58          | 59          | 59          | 58          | 68          | 68          | 67          | 67          |
| Business-type Activities |             |             |             |             |             |             |             |             |             |             |
| Toll bridge activities   | 6           | 8           | 8           | 9           | 9           | 10          | 30          | 30          | 33          | 33          |
| Congestion relief        | 5           | 5           | 5           | 5           | 6           | 6           | 6           | 6           | 4           | 4           |
|                          | <u>121</u>  | <u>129</u>  | <u>129</u>  | <u>129</u>  | <u>129</u>  | <u>130</u>  | <u>169</u>  | <u>169</u>  | <u>170</u>  | <u>170</u>  |

**Metropolitan Transportation Commission**  
**Ratio of Retiree Medical Premium to Covered Payroll**  
**By Fiscal Year**

**Table 15**

| <u>Fiscal Year</u> | <u>Retiree<br/>Premiums</u> | <u>Covered Payroll</u> | <u>% of Covered<br/>Payroll</u> |
|--------------------|-----------------------------|------------------------|---------------------------------|
| 2000               | \$ 77,882                   | \$ 8,383,503 *         | 0.9%                            |
| 2001               | 99,109                      | 9,035,190 *            | 1.1%                            |
| 2002               | 120,377                     | 10,346,350 *           | 1.2%                            |
| 2003               | 152,096                     | 11,177,301 *           | 1.4%                            |
| 2004               | 217,975                     | 11,289,637 *           | 1.9%                            |
| 2005               | 268,105                     | 11,694,664 *           | 2.3%                            |
| 2006               | 308,512                     | 12,687,014 *           | 2.4%                            |
| 2007               | 353,378                     | 15,193,161 *           | 2.3%                            |
| 2008               | 428,810                     | 16,122,962 *           | 2.7%                            |
| 2009               | 452,003                     | 16,711,761 *           | 2.7%                            |

\* From MTC records