

Financial Report

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Report of Independent Accountants

PricewaterhouseCoopers LLP
333 Market Street
San Francisco CA 94105-2119
Telephone (415) 498 5000
Facsimile (415) 498 7100

To the Commissioners
Metropolitan Transportation Commission

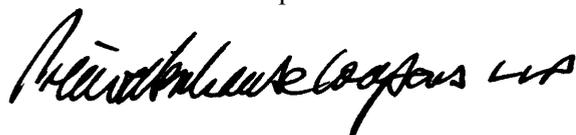
In our opinion, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Metropolitan Transportation Commission (MTC) which collectively comprise MTC's basic financial statements, as listed in the table of contents, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information at June 30, 2002, and the respective changes in financial position and cash flows, where applicable thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the MTC's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1C, MTC adopted the provisions for the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* and the provisions for GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2002 on our consideration of the MTC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 29 through 34 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The supplemental schedules on pages 76 through 89 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



October 25, 2002

Metropolitan Transportation Commission

Financial Statements for the year ended June 30, 2002

Management's Discussion and Analysis (unaudited)

The management of the Metropolitan Transportation Commission (MTC) offers readers this narrative overview and analysis of the financial activities of MTC, its blended component units and fiduciary funds. MTC serves as the primary government with two business-type enterprises, the Bay Area Toll Authority (BATA) and MTC Service Authority for Freeways and Expressways (SAFE), as well as two fiduciary funds, the Transportation Development Act (TDA) and the AB1107 Fund. Readers are encouraged to consider the information presented here in conjunction with additional information contained in the accompanying letter of transmittal.

A. Financial Highlights

For the year ended June 30, 2002 net assets in the governmental funds increased by \$4,246,991 as reported under the accrual basis of accounting and decreased by \$3,310,637 as reported under the modified accrual basis of accounting.

Net assets of the funds comprising the business-type activities (BTA) decreased by \$180,499,393, primarily as a result of planned project drawdowns.

Net assets for SAFE increased by \$1,820,018 while the net assets of BATA decreased by \$182,319,411. BATA's decrease in net assets was primarily the result of the project funding for the Regional Measure 1 (RM1) programs. The change in net assets for SAFE is consistent with that of the prior year.

B. Overview of Government-Wide Financial Statements

The government-wide financial statements provide a broad overview of MTC and its blended component units. The government wide financial statements comprise a Statement of Net Assets, a Statement of Activities and accompanying footnotes. The Statement of Net Assets presents information on the government-wide change in assets and liabilities of MTC during fiscal year 2002. 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 and expenses incurred during the 2002 fiscal year. All changes in net assets are recorded as revenues are earned and expenses are incurred, regardless of the timing of related cash flows.

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

MTC is composed of governmental and business type funds. The governmental funds comprise the general fund and the special revenue funds. The business or proprietary funds are BATA and SAFE. These funds are further described on page 56 of the footnotes to the financial statements.

The government-wide Statement of Net Assets and Statement of Activities are presented on pages 35-37 of this report with the accompanying footnotes being presented on pages 52-74.

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

C. Overview of the Fund Financial Statements

MTC utilizes fund accounting for all of its activities in order to provide accountability and demonstrate compliance with finance-related legal requirements. The MTC funds, as presented in these financial statements, may be classified into three categories:

i.) Governmental Funds

Governmental funds are used to account for the MTC functions supported by grants, contributions, taxes, and inter-governmental revenue sources. However, governmental funds tend to focus on the balance of spendable resources available at fiscal year end rather than the longer term focus of governmental activities. The reader may find it useful to compare the information presented in the government fund and schedule of governmental activities as a means of evaluating the long-term financial impact of certain short-term decisions. Both 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 adopts annual budgets for all funds. However, a comparison of budget-to-actual information is prepared only for the governmental funds and is presented in these financial statements only for the major governmental funds on pages 43-45.

The financial statements of the governmental funds, prepared under the modified accrual basis of accounting can be found on pages 38-42 of this report.

ii) Proprietary Funds

Proprietary funds are used to account for the business-type activities of MTC, including BATA and SAFE, on the accrual basis of accounting.

The financial statements of the proprietary funds can be found on pages 46-49 of this report.

iii) Fiduciary Funds

Fiduciary funds are used to account for resources held in a trustee capacity for the benefit of parties outside MTC. As such, fiduciary 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 two fiduciary funds, namely The AB1107 fund and the TDA fund. Each of these funds are derived from sales tax revenues. The revenues for the TDA fund are deposited with the respective treasurer in each of the nine counties in the region. MTC has administrative responsibility for allocation of the assets, as well as authorization of all payments processed through the Auditor-Controller's office in each of the Bay Area's nine counties.

The basic fiduciary fund financial statements can be found on pages 50-51 of this report.

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

D. Notes to the Financial Statements

The notes to the financial statements, beginning on page 52, provide additional pertinent information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

E. Other Information

In addition to the basic financial statements, this report also presents certain supplementary information which can be found beginning on page 76 of this report.

F. Government-Wide Financial Analysis

On a government-wide perspective, total assets exceed liabilities by a ratio of 2 to 1 as of June 30, 2002. The following provides condensed financial information derived from the government-wide financial statements:

i.) Statement of Net Assets

	Governmental Funds	Business- Type Activities
Assets	\$ 180,211,104	\$ 828,814,044
Liabilities	11,862,686	413,559,377
Net Assets	<u>\$ 168,348,418</u>	<u>\$ 415,254,667</u>
Net Asset Detail:		
Invested in Capital Assets	\$ 3,465,851	\$ 1,273,731
Restricted for Capital Projects	56,546,243	-
Restricted for other purposes	44,969,896	125,000,000
Unrestricted Net Assets	63,366,428	288,980,936
Total	<u>\$ 168,348,418</u>	<u>\$ 415,254,667</u>

The \$125,000,000 "restricted" funds in the Business-Type Activities are the \$50,000,000 extraordinary costs reserve and \$75,000,000 operating reserves required by the BATA bond covenants.

The designation of "unrestricted" denotes a lack of formal legislative or external "restriction" to the use of funds. However, in each case, funds are restricted to the legally designated use of the respective fund.

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

ii) Statement of Activities

Assets in both governmental and business-type activities consist mainly of cash and investments. Liabilities in the business-type consist mainly of a \$400,000,000 debt issuance by BATA in May 2001. The change in net assets was most pronounced in the proprietary funds, specifically BATA. The following provides a condensed view of the change in net assets for the year ended June 30, 2002 as reported under the accrual basis of accounting:

	Governmental Activities	<u>Business-Type Activities</u>	
		<u>BATA</u>	<u>SAFE</u>
Beginning Net Assets	\$ 164,101,427	\$ 572,536,332	\$ 23,217,728
Ending Net Assets	168,348,418	390,216,921	25,037,746
Change in Net Assets	<u>\$ 4,246,991</u>	<u>\$ (182,319,411)</u>	<u>\$ 1,820,018</u>

The decline in BATA's net assets is a result of the on-going \$1.6 billion RM 1 capital improvement program. BATA will issue a \$300 million toll bridge revenue bond in January 2003 to reimburse for construction costs from the State of California Department of Transportation (Caltrans).

The principal sources of revenue for MTC's governmental activities are state and federal grants, as well as a 3.5% share of sales tax revenue for planning and administrative expenses. Expenses not covered through direct grant reimbursement are covered by MTC's share of sales tax revenue.

G. Financial Analysis of Business-Type Activities

While the BATA statement of activities shows a \$182,319,411 reduction in the net asset balance for the year ending June 30, 2002, the reduction is part of a planned capital improvement program adopted by BATA. The following provides a condensed view of the main components of the change in net assets of the business-type activities:

	<u>BATA</u>	<u>SAFE</u>
Income before operating and capital transfers	\$ 144,167,564	\$ 3,583,953
Operating Transfers	(25,248,871)	(1,763,935)
Capital Transfers	(301,238,104)	-
Change in Net Assets	<u>\$ (182,319,411)</u>	<u>\$ 1,820,018</u>

BATA transferred \$301,238,104 to Caltrans to fund ongoing construction of the RM1 program. For the two years through June 2002, BATA has spent \$542,670,548 of the \$1.6 billion bridge improvement program.

H. Financial Analysis of Government Funds

As of June 30, 2002, the combined ending fund balance of the MTC governmental funds was \$132,514,506, as reported under the modified accrual basis of accounting. This represents a decrease of \$3,310,637 over 2001. The fund balance includes reserved and unreserved funds. Of the fund balance, an amount of \$56,546,243 is reserved for encumbrances. A reserve of \$50,193,913 is to be used for

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

specified purposes from special revenue funds. An amount of \$12,529,896 of the fund balance has been reserved for specific Commission or other legal purposes. The remaining balance of \$13,244,454 represents unreserved funds available for appropriation at the government's discretion. However, the MTC has adopted a position that an operating contingency of fifty percent of governmental expenditures should be set aside as protection against future economic swings.

i) General Fund Budget

The final general fund budgeted revenues for of MTC for the year ended was \$65,625,002, of which \$40,568,043 is for operating expenditures and \$24,318,119 is for capital programs. The final budget increased by an amount of \$738,840 over the original budget adopted on July 1, 2001. The following provides a condensed view of the final budgeted results compared to actual results for the year ended June 30, 2002:

	<u>Final Budget</u>	<u>Actual</u>
Revenues	\$ 65,625,002	\$ 45,213,356
Expenditures	65,625,002	51,926,291
Excess/(Deficiency)	-	(6,712,935)
Transfers in	-	12,215,318
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 5,502,383</u>

Because MTC is primarily reimbursed for Federal and State work, it is not unusual for revenue to lag behind budget. Expenditures were also well below budget, leaving a \$5,502,383 net balance after transfers.

I. Capital Asset Debt Administration

As of June 30, 2002, MTC's investment in capital assets for all funds, governmental and proprietary is \$4,739,582 as reported under the accrual basis of accounting. This investment in capital assets includes furniture and equipment, as well as improvements to the SAFE Callbox system. Assets relating to the seven state-owned bridges administered by BATA are recorded with the California Department of Transportation.

J. Long-Term Debt

The only long-term debt issued by MTC or any component unit is a \$400 million bridge toll revenue funding issued by BATA during fiscal 2001. There was no new debt issued during fiscal year 2001-02. The following points provide a synopsis of the debt and interest rate swap transactions in place at June 30, 2002:

BATA completed a \$300 million, 35 year, floating-to-fixed rate swap with three counter-parties; AMBAC - \$150 million, Salomon Smith Barney and Morgan Stanley receiving \$75 million each. BATA pays a fixed rate (ranging from 4.09% to 4.125%) and receives the actual variable rate payment for years 1 through 4 and a rate based on 65% of LIBOR through the remaining term of the original financing. The AMBAC transaction is insured as to BATA and counter-party default by a policy underwritten by AMBAC Assurance Corporation.

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

BATA also completed a contract with AMBAC Financial Services to swap a future \$200 million floating rate issue to a fixed-rate. BATA will pay a fixed payment of 4.139% and receive a floating rate payment based on 65% of the weekly LIBOR index. The transaction is insured against default, both BATA and the counter-party, by AMBAC Assurance Corporation. BATA has until March 4, 2003 to complete the contract and issue the variable rate bonds.

BATA maintains long and short-term ratings from Standard & Poor's, Fitch Ratings, as well as Moody's Investors Services. At June 30, 2002, those ratings are:

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

In addition, the 2001 \$300 million variable rate demand bonds carry the AAA /Aaa /AAA ratings of Standard & Poor's, Moody's and Fitch respectively by virtue of the insurance policy written by AMBAC Assurance.

K. Economic Factors Impacting MTC

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

Area unemployment at 5.4%, up from 4.9% in 2001.

General decline in sales tax revenue. Region-wide revenue is on track for a second straight declining year, 22% below the high of fiscal year 2001 and roughly equivalent to total revenue for fiscal year 2000.

While federal funding has not decreased with the economic slowdown, MTC will face reauthorization of the TEA 21 in fiscal year 2003 which impacts region-wide funding.

Interest rates remain at historical low levels drastically reducing any potential investment earnings as a revenue source.

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

Metropolitan Transportation Commission
Statement of Net Assets
June 30, 2002

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 68,403,136	\$ 286,638,434	\$ 355,041,570
Investments - unrestricted	32,430,150	364,215,410	396,645,560
Investments - restricted	-	125,000,000	125,000,000
Receivables:			
Accounts and tolls due	494,479	4,125,638	4,620,117
Interest	502,900	9,473,977	9,976,877
State funding	35,397,349	7,154,081	42,551,430
Federal funding	5,587,370	1,171,980	6,759,350
Maintenance funding	-	22,027,480	22,027,480
Indirect cost recovery	1,083,593	-	1,083,593
Other	-	603,083	603,083
Prepaid items	406,276	507,177	913,453
Bond issuance costs	-	4,620,120	4,620,120
Loan to other agencies	32,440,000	2,002,933	34,442,933
Capital assets (net of accumulated depreciation)	3,465,851	1,273,731	4,739,582
Total assets	180,211,104	828,814,044	1,009,025,148
Liabilities			
Accounts payable	8,081,022	1,347,958	9,428,980
Accrued liabilities	2,320,431	2,791,850	5,112,281
Due to/(from) other funds	716,114	(716,114)	-
Due to Caltrans	-	8,806,834	8,806,834
Other current liabilities	673,180	-	673,180
Capital leases	71,939	-	71,939
Long-term debt, net	-	401,328,849	401,328,849
Total liabilities	11,862,686	413,559,377	425,422,063
Net Assets			
Invested in capital assets, net of related debt	3,465,851	1,273,731	4,739,582
Restricted for:			
Capital projects	56,546,243	-	56,546,243
Other purposes	44,969,896	125,000,000	169,969,896
Unrestricted	63,366,428	288,980,936	352,347,364
Total net assets	\$ 168,348,418	\$ 415,254,667	\$ 583,603,085

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

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

	Expenses	Primary Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues
Functions					
<i>Governmental Activities:</i>					
General government	\$ 45,894,987	\$ -	\$ 40,479,572	\$ -	\$ 40,479,572
Allocations to other agencies	<u>92,787,010</u>	<u>-</u>	<u>6,589,370</u>	<u>64,472,632</u>	<u>71,062,002</u>
Total governmental activities	<u>138,681,997</u>	<u>-</u>	<u>47,068,942</u>	<u>64,472,632</u>	<u>111,541,574</u>
<i>Business-type Activities:</i>					
Toll bridge activities	347,029,659	144,230,152	594,987	-	144,825,139
Congestion relief	<u>9,251,327</u>	<u>5,897,408</u>	<u>6,473,376</u>	<u>-</u>	<u>12,370,784</u>
Total business-type activities	<u>356,280,986</u>	<u>150,127,560</u>	<u>7,068,363</u>	<u>-</u>	<u>157,195,923</u>
Total primary government	<u>\$ 494,962,983</u>	<u>\$ 150,127,560</u>	<u>\$ 54,137,305</u>	<u>\$ 64,472,632</u>	<u>\$ 268,737,497</u>

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

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
	Governmental Activities	Business-type Activities	Total
	\$ (5,415,415)	\$ –	\$ (5,415,415)
	(21,725,008)	–	(21,725,008)
	(27,140,423)	–	(27,140,423)
	–	(202,204,520)	(202,204,520)
	–	3,119,457	3,119,457
	–	(199,085,063)	(199,085,063)
	(27,140,423)	(199,085,063)	(226,225,486)
General revenues:			
Unrestricted investment earnings	4,374,608	45,532,330	49,906,938
Gain on sale of investments	–	66,146	66,146
Transfers	27,012,806	(27,012,806)	–
Total general revenues and transfers	31,387,414	18,585,670	49,973,084
Change in net assets	4,246,991	(180,499,393)	(176,252,402)
Net assets – beginning	164,101,427	595,754,060	759,855,487
Net assets – ending	\$ 168,348,418	\$ 415,254,667	\$ 583,603,085

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

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

	MTC		Rail Extension
	<u>General</u>	<u>5% Reserves</u>	<u>Reserves</u>
Assets			
Cash and cash equivalents	\$ 25,982,481	\$ 4,010,610	\$ 798,712
Investments	-	-	4,994,500
Receivables:			
Accounts	69,442	90,446	227,768
Interest	161,103	34,000	32,841
State Funding	3,817,603	-	-
Federal Funding	5,587,370	-	-
Indirect cost recovery	1,083,593	-	-
Prepaid items	406,276	-	-
Total assets	<u>\$ 37,107,868</u>	<u>\$ 4,135,056</u>	<u>\$ 6,053,821</u>
Liabilities and fund balances			
Liabilities			
Accounts Payable	\$ 4,873,205	\$ 228,898	\$ -
Accruals	2,167,688	-	141
Due to other funds	160,157	-	-
Other	673,180	-	-
Total liabilities	<u>7,874,230</u>	<u>228,898</u>	<u>141</u>
Fund balances			
Reserved for			
Encumbrances	3,459,288	2,944,179	210,615
Other	12,529,896	-	-
Unreserved, reported in			
General fund	13,244,454	-	-
Special revenue funds	-	961,979	5,843,065
Total fund balances	<u>29,233,638</u>	<u>3,906,158</u>	<u>6,053,680</u>
Total liabilities and fund balances	<u>\$ 37,107,868</u>	<u>\$ 4,135,056</u>	<u>\$ 6,053,821</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

Capital leases are not due and payable in the current period and therefore are not reported in the funds

Other long-term assets are not available to pay for current-period expenditures and, therefore, therefore, are deferred in the funds

Net assets of governmental activities

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

AB 664 Net Toll Revenue Reserves	STP Exchange	STA	Other	Total Governmental Funds
\$ 18,392,397	\$ 13,892,668	\$ 5,274,992	\$ 51,276	\$ 68,403,136
27,435,650	-	-	-	32,430,150
106,823	-	-	-	494,479
144,456	80,000	50,000	500	502,900
-	-	31,579,746	-	35,397,349
-	-	-	-	5,587,370
-	-	-	-	1,083,593
-	-	-	-	406,276
<u>\$ 46,079,326</u>	<u>\$ 13,972,668</u>	<u>\$ 36,904,738</u>	<u>\$ 51,776</u>	<u>\$ 144,305,253</u>
\$ 2,056,381	\$ 201,901	\$ 720,637	\$ -	\$ 8,081,022
152,602	-	-	-	2,320,431
-	62,698	493,259	-	716,114
-	-	-	-	673,180
<u>2,208,983</u>	<u>264,599</u>	<u>1,213,896</u>	<u>-</u>	<u>11,790,747</u>
35,080,668	8,177,070	6,674,423	-	56,546,243
-	-	-	-	12,529,896
-	-	-	-	13,244,454
8,789,675	5,530,999	29,016,419	51,776	50,193,913
<u>43,870,343</u>	<u>13,708,069</u>	<u>35,690,842</u>	<u>51,776</u>	<u>132,514,506</u>
<u>\$ 46,079,326</u>	<u>\$ 13,972,668</u>	<u>\$ 36,904,738</u>	<u>\$ 51,776</u>	
				3,465,851
				(71,939)
				<u>32,440,000</u>
				<u>\$ 168,348,418</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, 2002

	<u>General</u>	<u>5% Reserves</u>	<u>Rail Extension Reserves</u>
Revenues			
Sales taxes	\$ 9,326,567	\$ -	\$ -
Grants - Federal	24,334,055	-	-
Grants - State	6,818,950	-	-
Project grants from state and local agencies	3,796,013	2,793,357	-
Investment income	937,771	218,144	378,603
Total revenues	<u>45,213,356</u>	<u>3,011,501</u>	<u>378,603</u>
Expenditures			
Current:			
General government	45,496,210	-	807
Allocations to other agencies	6,220,516	3,225,394	10,639,385
Capital outlay	209,565	-	-
Total expenditures	<u>51,926,291</u>	<u>3,225,394</u>	<u>10,640,192</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,712,935)</u>	<u>(213,893)</u>	<u>(10,261,589)</u>
Other financing sources / uses			
Transfers in	12,215,318	1,169,742	10,007,625
Transfers out	-	-	-
Total other financing sources and uses	<u>12,215,318</u>	<u>1,169,742</u>	<u>10,007,625</u>
Net change in fund balances	5,502,383	955,849	(253,964)
Fund balances - beginning	<u>23,731,255</u>	<u>2,950,309</u>	<u>6,307,644</u>
Fund balances - ending	<u>\$ 29,233,638</u>	<u>\$ 3,906,158</u>	<u>\$ 6,053,680</u>

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

<u>AB664 Net Toll Revenue Reserves</u>	<u>STP Exchange</u>	<u>STA</u>	<u>Other</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 9,326,567
-	-	-	-	24,334,055
-	-	-	-	6,818,950
-	-	64,472,632	-	71,062,002
1,620,904	608,754	607,085	3,347	4,374,608
1,620,904	608,754	65,079,717	3,347	115,916,182
5,033	-	-	-	45,502,050
25,381,795	1,736,829	53,258,264	65,827	100,528,010
-	-	-	-	209,565
25,386,828	1,736,829	53,258,264	65,827	146,239,625
(23,765,924)	(1,128,075)	11,821,453	(62,480)	(30,323,443)
12,482,234	-	-	-	35,874,919
-	(1,101,504)	(7,760,609)	-	(8,862,113)
12,482,234	(1,101,504)	(7,760,609)	-	27,012,806
(11,283,690)	(2,229,579)	4,060,844	(62,480)	(3,310,637)
55,154,033	15,937,648	31,629,998	114,256	135,825,143
\$ 43,870,343	\$ 13,708,069	\$ 35,690,842	\$ 51,776	\$ 132,514,506

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 Year Ended June 30, 2002**

Amounts reported for governmental activities in the Statement of Activities are different to those reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because:

Net change in fund balances - total governmental funds (per Statement of Revenues, Expenditure and Changes in Fund Balances)	\$ (3,310,637)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation expense exceeded non capital lease capital outlays in the current period.	(149,041)
Proceeds from the sale of capital assets provide financial resources to governmental funds while only the gain on the sale of the capital asset is reported in the statement of activities. Therefore, the change in net assets differs from the change in fund balance by the cost of the capital asset sold.	63,797)
The loan receivable from another agency is not recorded as a long-term asset in the governmental funds. Additional loan advances forwarded to the agency during the fiscal year are expensed in the governmental fund but are capitalized as a long-term asset in the statement of net assets. This amount represents fiscal 2002 loan advances.	7,741,000
Principal repayment on capital leases in an expenditure in the governmental funds, however the principal element of the repayment reduces long-term liabilities in the statement of net assets. This amount is the effect of the differing treatment of capital lease principal repayment.	29,466
Change in net assets of governmental activities (per Statement of Activities)	<u><u>\$ 4,246,991</u></u>

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

**Metropolitan Transportation Commission
Statement of Revenues, Expenditures and Changes
in Fund Balances – Budget and Actual – General Fund
For the Year Ended June 30, 2002**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues				
Sales taxes for planning activities	\$ 13,626,594	\$ 12,670,372	\$ 9,326,567	\$ (3,343,805)
Grants - Federal	27,859,205	29,554,267	24,334,055	(5,220,212)
Grants - State	8,974,000	8,974,000	6,818,950	(2,155,050)
Project grants from state and local agencies	13,356,363	13,356,363	3,796,013	(9,560,350)
Investment income	1,000,000	1,000,000	937,771	(62,229)
Other	70,000	70,000	-	(70,000)
Total revenues	64,886,162	65,625,002	45,213,356	(20,411,646)
Expenditures				
Current:				
General government	35,742,026	36,480,866	45,496,210	(9,015,344)
Allocations to other agencies	4,826,017	4,826,017	6,220,516	(1,394,499)
Capital outlay	24,318,119	24,318,119	209,565	24,108,554
Total expenditures	64,886,162	65,625,002	51,926,291	13,698,711
Excess (deficiency) of revenues over (under) expenditures	-	-	(6,712,935)	6,712,935
Other financing sources				
Transfers in	-	-	12,215,318	12,215,318
Net change in fund balances	-	-	5,502,383	5,502,383
Fund balances - beginning	23,731,255	23,731,255	23,731,255	-
Fund balances - ending	\$ 23,731,255	\$ 23,731,255	\$ 29,233,638	\$ 5,502,383

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

**Metropolitan Transportation Commission
Statement of Revenues, Expenditures and Changes
in Fund Balances – Budget and Actual – AB664 Net Toll Revenue Reserves Fund
For the Year Ended June 30, 2002**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues				
Investment income	\$ -	\$ -	\$ 1,620,904	\$ 1,620,904
Expenditures				
Current:				
General government	-	-	5,033	(5,033)
Allocations to other agencies	14,892,111	14,892,111	25,381,795	(10,489,684)
Total expenditures	14,892,111	14,892,111	25,386,828	(10,494,717)
Deficiency of revenues under expenditures	(14,892,111)	(14,892,111)	(23,765,924)	(8,873,813)
Other financing sources / uses				
Transfers in	14,892,111	14,892,111	12,482,234	(2,409,877)
Net change in fund balances	-	-	(11,283,690)	(11,283,690)
Fund balances - beginning	55,154,033	55,154,033	55,154,033	-
Fund balances - ending	\$ 55,154,033	\$ 55,154,033	\$ 43,870,343	\$ (11,283,690)

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

**Metropolitan Transportation Commission
Statement of Revenues, Expenditures and Changes
in Fund Balances – Budget and Actual – STA Fund
For the Year Ended June 30, 2002**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues				
Project grants from state and local agencies	\$ 87,011,599	\$ 87,011,599	\$ 64,472,632	\$ (22,538,967)
Investment income	-	-	607,085	607,085
Total revenues	87,011,599	87,011,599	65,079,717	(21,931,882)
Expenditures				
Current:				
Allocations to other agencies	66,699,404	66,699,404	53,258,264	13,441,140
Excess (deficiency) of revenues over (under) expenditures	20,312,195	20,312,195	11,821,453	(8,490,742)
Other financing sources / (uses)				
Transfers (out) / in	(20,308,328)	(20,308,328)	(7,760,609)	12,547,719
Net change in fund balances	3,867	3,867	4,060,844	4,056,977
Fund balances - beginning	31,629,998	31,629,998	31,629,998	-
Fund balances - ending	<u>\$ 31,633,865</u>	<u>\$ 31,633,865</u>	<u>\$ 35,690,842</u>	<u>\$ 4,056,977</u>

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

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

	Business-type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
Assets			
Current assets			
Unrestricted			
Cash and cash equivalents	\$ 278,384,547	\$ 8,253,887	\$ 286,638,434
Short-term investments	34,937,000	6,976,400	41,913,400
Accrued interest	9,404,795	69,182	9,473,977
Prepaid expenses	96,172	191,751	287,923
Federal funding due	-	1,171,980	1,171,980
Caltrans funding due	-	7,154,081	7,154,081
Tolls due from Caltrans	4,125,638	-	4,125,638
Maintenance funding due from Caltrans	22,027,480	-	22,027,480
Prepayments to the Architectural Revolving Fund	219,254	-	219,254
Other receivables due from Caltrans	603,083	-	603,083
Total unrestricted current assets	<u>349,797,969</u>	<u>23,817,281</u>	<u>373,615,250</u>
Non-current assets			
Capital assets			
Furniture and equipment, net of accumulated depreciation	4,069	180,239	184,308
Callboxes, net of accumulated depreciation	-	1,089,423	1,089,423
Capital assets, net	<u>4,069</u>	<u>1,269,662</u>	<u>1,273,731</u>
Unrestricted non-current assets			
Investments	322,302,010	-	322,302,010
Receivable due from Caltrans	2,002,933	-	2,002,933
Bond issuance costs	4,620,120	-	4,620,120
Total unrestricted non-current assets	<u>328,925,063</u>	<u>-</u>	<u>328,925,063</u>
Restricted non-current assets			
Investments	125,000,000	-	125,000,000
Total non-current assets	<u>453,929,132</u>	<u>1,269,662</u>	<u>455,198,794</u>
Total assets	<u>803,727,101</u>	<u>25,086,943</u>	<u>828,814,044</u>
Liabilities			
Current liabilities			
Payable from unrestricted assets			
Accounts payable	573,348	774,610	1,347,958
Accrued expenses	466,016	87,269	553,285
Accrued interest payable	2,167,302	-	2,167,302
Retentions payable	59,624	11,639	71,263
Due to/(from) MTC	108,207	(824,321)	(716,114)
Due to Caltrans	8,806,834	-	8,806,834
Total current liabilities payable from unrestricted assets	<u>12,181,331</u>	<u>49,197</u>	<u>12,230,528</u>
Non-current liabilities payable from unrestricted assets			
Long-term debt, net	401,328,849	-	401,328,849
Total liabilities	<u>413,510,180</u>	<u>49,197</u>	<u>413,559,377</u>
Net assets			
Invested in capital assets, net of related debt	4,069	1,269,662	1,273,731
Restricted net assets	125,000,000	-	125,000,000
Unrestricted net assets	265,212,852	23,768,084	288,980,936
Total net assets	<u>\$ 390,216,921</u>	<u>\$ 25,037,746</u>	<u>\$ 415,254,667</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, 2002

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

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

Metropolitan Transportation Commission
Statement of Cash Flows – Proprietary Funds
For the Year Ended June 30, 2002

	Business-type Activities - Enterprise Funds		
	<u>Bay Area Toll Authority</u>	<u>Service Authority for Freeways and Expressways</u>	<u>Total</u>
Cash flows from operating activities			
Cash receipts from users	\$ 142,145,243	\$ 5,920,585	\$ 148,065,828
Cash payments to suppliers for services	(36,571,248)	(9,380,546)	(45,951,794)
Other receipts/(payments)	18,419,087	6,588	18,425,675
Net cash provided by / (used in) operating activities	123,993,082	(3,453,373)	120,539,709
Cash flows from non-capital financing activities			
Caltrans operating grants	594,987	498,130	1,093,117
Federal operating grants	-	156,972	156,972
Operating grants from other agencies	-	101,224	101,224
Net cash provided by non-capital financing activities	594,987	756,326	1,351,313
Cash flows from capital and related financing activities			
Interest paid on bonds & capital leases	(12,626,631)	-	(12,626,631)
Amounts charged against ARF	36,155	-	36,155
Acquisition of capital assets	-	(35,264)	(35,264)
Transfers to MTC	(25,248,871)	(1,763,935)	(27,012,806)
Advances from MTC	-	242,033	242,033
Transfer to Caltrans for capital expenditures	(300,347,398)	-	(300,347,398)
Transfer to Other Agencies	(890,706)	-	(890,706)
Net cash used in capital and related financing activities	(339,077,451)	(1,557,166)	(340,634,617)
Cash flows from investing activities			
Proceeds from sale & maturities of investments	1,442,585,760	32,812,615	1,475,398,375
Purchase of investments	(1,596,001,190)	(35,678,910)	(1,631,680,100)
Interest and dividends received	37,543,113	527,330	38,070,443
Net cash used in investing activities	(115,872,317)	(2,338,965)	(118,211,282)
Net decrease in cash and cash equivalents	(330,361,699)	(6,593,178)	(336,954,877)
Balances - Beginning of year	608,746,246	14,847,065	623,593,311
Balances - End of year	\$ 278,384,547	\$ 8,253,887	\$ 286,638,434

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

Metropolitan Transportation Commission
Statement of Cash Flows – Proprietary Funds, *continued*
For the Year Ended June 30, 2002

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

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

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

	Transportation Development <u>Act Program</u>	AB1107 <u>Program</u>
Assets		
Restricted assets held by participating counties	\$ 52,784,924	\$ -
Restricted assets held by State Board of Equalization	-	8,779,857
Due from State of California	813,715	-
Interest receivable	16,920	100,000
	<u> </u>	<u> </u>
Net Assets	<u>\$ 53,615,559</u>	<u>\$ 8,879,857</u>

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

Metropolitan Transportation Commission
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds
For the Year Ended June 30, 2002

	Transportation Development <u>Act Program</u>	AB1107 <u>Program</u>
Additions		
Revenues		
Local Transportation Fund	\$ 266,473,341	\$ -
AB1107 fees	-	57,600,759
Investment earnings		
Interest	3,762,543	755,675
Total additions	<u>270,235,884</u>	<u>58,356,434</u>
Deductions		
Allocations	325,551,566	61,957,276
Expenses		
Administrative	10,185,267	-
Total deductions	<u>335,736,833</u>	<u>61,957,276</u>
Change in net assets	(65,500,949)	(3,600,842)
Net assets - beginning	<u>119,116,508</u>	<u>12,480,699</u>
Net assets - ending	<u>\$ 53,615,559</u>	<u>\$ 8,879,857</u>

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

Metropolitan Transportation Commission
Financial Statements for the year ended June 30, 2002
Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

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

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

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

Blended component units

i.) Bay Area Toll Authority

The Bay Area Toll Authority (BATA) is a public agency created by Senate Bill 226 effective January 1, 1998. Senate Bill 226 transferred to BATA certain current California Transportation Commission (CTC) and State of California, Department of Transportation (Caltrans) duties and responsibilities for the disposition of toll revenues collected from toll bridges owned and operated by Caltrans in the San Francisco Bay Area. These toll bridges are the Antioch Bridge, Benicia-Martinez Bridge, Carquinez Bridge, Dumbarton Bridge, Richmond-San Rafael Bridge, San Francisco-Oakland Bay Bridge and San Mateo-Hayward Bridge.

Pursuant to Senate Bill 226, a Cooperative Agreement was signed on March 2, 1998 defining the roles and responsibilities of BATA and Caltrans.

Metropolitan Transportation Commission
Financial Statements for the year ended June 30, 2002
Notes to Financial Statements

BATA agreed to prepare and adopt a budget by July 1 for each fiscal year, with the concurrence of Caltrans, the Long Range Plan required by the Streets and Highway Code, to give 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 by Caltrans as authorized in the annual budgets adopted by BATA.

The responsibilities of Caltrans reside with the ownership, operation and maintenance of the bridges, including the collection of the toll revenues, the installation, maintenance and operations of toll collections facilities and equipment, the generation and maintenance of proper records relating to the collection, accounting, allocation and the disbursements of all toll funds collected.

Toll revenues and certain other income, with the exception of the seismic retrofit charge, are transferred to BATA to be managed in accordance with the Cooperative Agreement.

The activities of BATA are structured as a single enterprise with operating revenue and expense recorded by individual Bridge Unit. The Bridge Units account for the operating revenue and expenses of the Antioch Bridge, Benicia-Martinez Bridge, Carquinez Bridge, Richmond-San Rafael Bridge, San Francisco-Oakland Bay Bridge, San Mateo-Hayward Bridge and Dumbarton Bridge.

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

In June 1988, the MTC SAFE was created to receive funds collected by the Department of Motor Vehicles pursuant to Streets and Highways Code Section 2553, which permits the collection of up to \$1 per registered vehicle in participating counties. The MTC SAFE is responsible for administering a freeway motorist aid system in the participating counties, henceforth referred to as the Callbox program. The following counties are participants in the MTC SAFE: San Francisco, Alameda, Contra Costa, Marin, Napa, San Mateo, Santa Clara, Solano and Sonoma.

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

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

iii.) MTC Bridge Toll Funds

Five Percent Reserves Fund – These reserves were originally funded from up to 5 percent of the 1998 Regional Measure 1 toll increase, with 3 percent to be used for congestion-relieving transit operation and capital projects in the bridge corridors and 2 percent of the increase to be used for ferry service capital projects. However, when the state-owned toll bridges became eligible for federal funding in

Metropolitan Transportation Commission
Financial Statements for the year ended June 30, 2002
Notes to Financial Statements

April 2000, under federal funding guidelines toll revenues could only be used for transit capital projects and not for transit operations.

In order to assist MTC to meet its funding commitments, Caltrans entered into a cooperative agreement with BATA and MTC whereby Caltrans transferred state funding (Five Percent Unrestricted State Funds) to MTC to replace the Five Percent Reserve Funds used for transit operations. As a result of this agreement, new programming and allocation policies were established in MTC Resolution No. 3288, with the Five Percent Reserves now being composed of the Five Percent Unrestricted State Funds supporting ferry operations and other transit/bicycle projects, and the remaining Two Percent Reserves supporting strictly ferry capital improvements.

Rail Extension Reserves Fund – The reserves arise from 90 percent of the 25 cent toll increase for two-axle vehicles on the San Francisco-Oakland Bay Bridge authorized by Regional Measure 1 is allocated exclusively for rail transit capital extension and improvement projects that are designed to reduce vehicular traffic congestion on that bridge. Seventy percent of the Rail Extension Reserves are allocated for East Bay rail improvements and the remaining 30 percent for West Bay rail improvements.

AB664 Net Toll Revenue Reserves Fund – These reserves are generated from a 1997 toll increase on the three southern bay area bridges; namely, the Dumbarton Bridge, the San Francisco-Oakland Bay Bridge and the San Mateo-Hayward Bridge. Amounts are allocated to these AB664 Net Toll Revenue Reserves based upon a charge of 25 cents per two-axle vehicle on the San Francisco-Oakland Bay Bridge and 5 cents per two-axle vehicle on the San Mateo-Hayward and Dumbarton Bridges. These funds are allocated to capital projects that further the development of public transit in the vicinity of these three southern bay area bridges, including transbay and transbay feeder transit services. Substantially all of the current AB664 Net Toll Revenue Reserves are used to match federal transit funds designated for replacement buses and capital facility improvement.

iv.) Surface Transportation Program (STP) Exchange Fund

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

Metropolitan Transportation Commission
Financial Statements for the year ended June 30, 2002
Notes to Financial Statements

v.) State Transit Assistance (STA) Fund

State Transit Assistance funds are used for transit and Paratransit operating assistance, transit capital projects, and regional transit coordination. The funds are derived from the state sales tax on fuel and apportioned by state statute between two accounts. PUC 99313 defines population based funds and PUC 99314 defines revenue based funds.

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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Financial Statements for the year ended June 30, 2002

Notes to Financial Statements

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 thereafter to pay liabilities of the current period.

MTC reports the following governmental funds:

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

Special revenue funds are used to account for proceeds of specific revenue sources, other than major capital projects, that are legally restricted to expenditures for specified purposes. MTC's special revenue funds include the MTC Bridge Toll Funds, the STP Exchange Fund, the STA Fund and the fund used to account for feeder bus activity disclosed under the "other" caption. The MTC Bridge Toll Funds comprise the Five Percent Reserves Fund, the Rail Extension Reserves Fund and the AB664 Net Toll Revenue Reserves Fund.

Major funds are described in GASB Statement No. 34 as funds where total assets, liabilities, revenues, or expenditures of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and total assets, liabilities, revenues, or expenditures of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental or enterprise funds combined. The major governmental funds comprise the General Fund, the AB664 Net Toll Revenue Reserves Fund and the STA Fund. Balance Sheet and Statements of Revenues, Expenditures and Changes in Fund Balances are presented for all the governmental funds; however Budget to Actual Statements of Revenues, Expenditures and Changes in Fund Balances are only presented for the major funds.

MTC reports the following major proprietary funds:

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

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

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Additionally, MTC reports the following fiduciary funds to account for assets held by MTC in a trustee capacity or as an agent:

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

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

D. Budgetary Accounting

Enabling legislation and adopted policies and procedures provide that MTC approve an annual budget. Annual budgets are adopted on a basis consistent with Accounting Principles Generally Accepted in the United States of America for all governmental and proprietary funds. MTC also approves a life of project budget whenever new capital projects are approved. MTC presents a preliminary budget in May. The final budget is presented in June. MTC conducts hearings for discussion of the proposed annual budget and at the conclusion of the hearings, but not later than June 30, adopts the final budget for the following fiscal year. All appropriations lapse at fiscal year end. 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.

The MTC employs the following practices and procedures in establishing budgetary data on a basis consistent with Accounting Principles Generally Accepted in the United States of America as reflected in the basic financial statements:

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

Metropolitan Transportation Commission
Financial Statements for the year ended June 30, 2002
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E. Encumbrances

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

F. Cash and Investments

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

Cash and cash equivalents

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

Restricted investments

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

G. Capital Assets

Capital assets, which include buildings and improvements, office furniture and equipment, leased equipment, automobiles and callboxes, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost.

Capital assets used in governmental fund types of the MTC are recorded in the general fixed asset account group at cost and are not reported in the balance sheet of the governmental funds. Assets in the general fixed asset account group are not depreciated. Capital assets used in the proprietary funds are recorded at cost.

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.

Metropolitan Transportation Commission
Financial Statements for the year ended June 30, 2002
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Depreciation is computed using the straight-line method that is based upon the estimated useful lives of individual capital assets. The estimated useful lives of capital assets are as follows:

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

H. Net Assets

Net assets represent the MTC's proprietary fund's residual interest in assets after liabilities are deducted and consist of three sections: Invested in capital assets, net of related debt, restricted and unrestricted. Net assets are reported as restricted when constraints are imposed by third parties or enabling legislation.

The following shows a reconciliation of the BATA fund components of total equity for June 30, 2002 to net assets balances for the same period.

	<u>Contributed Capital</u>			Total Fund Equity
	Northern Unit	Southern Unit	Retained Earnings	
Balances, June 30, 2001	\$ 179,470,944	\$ 187,286,657	\$ 205,778,731	\$ 572,536,332
Net income before capital transfers	-	-	118,918,693	118,918,693
Transfers to Caltrans	(179,470,944)	(102,548,396)	(18,328,058)	(300,347,398)
Transfers to other agencies	-	(633,987)	(256,719)	(890,706)
Balances, June 30, 2002	<u>\$ -</u>	<u>\$ 84,104,274</u>	<u>\$ 306,112,647</u>	<u>\$ 390,216,921</u>

Reported as:

	2002
Invested in capital assets, net of related debt	4,069
Restricted net assets	125,000,000
Unrestricted net assets	<u>265,212,852</u>
Total net assets	<u>\$ 390,216,921</u>

Metropolitan Transportation Commission
Financial Statements for the year ended June 30, 2002
Notes to Financial Statements

I. Retirement Plans

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

J. Postretirement Health Benefits

The MTC pays certain health care insurance premiums for retired employees. Employees may become eligible for these benefits if they reach normal retirement age while working for the MTC. The number of participants eligible to receive benefits was 29 for the year ended June 30, 2002. The cost of retiree health care insurance premiums is recognized as an expense as premiums are paid. For the years ended June 30, 2002 and 2001, those costs totaled \$120,377 and \$99,109, respectively.

K. Compensated Absences

MTC's regular staff employees accumulate vacation pay and sick leave pay based on the agreement with the Committee for Staff Representation pursuant to the Meyers-Milias-Brown Act. A liability exists for accumulated vacation and sick leave. Unused accumulated sick and vacation leave is paid at the time of employment termination up to a maximum of 400 hours for vacation and 240 hours for sick leave per employee.

L. Maintenance funding due from Caltrans

In accordance with Amendment No. 2 to the cooperative agreement between BATA and Caltrans, Caltrans agreed to reimburse BATA for tow services financed with toll funds from fiscal year 1993 through fiscal year 2001. The reimbursement receivable totals \$22,027,480 at June 30, 2002. The settlement of the maintenance funding due from the State is to be provided in the form of an offset of capital expenses incurred and to be incurred on the Richmond-San Rafael Bridge Trestle Project and Richmond-San Rafael Bridge Deck project. For the year ended June 30, 2002, Caltrans incurred \$15,506,163 in expenses as an offset against the settlement.

M. Toll revenues collected by Caltrans

With the exception of the seismic retrofit charge, Caltrans collects all toll revenues from the operation of the bridges. BATA recognizes toll revenue as amounts are earned from vehicle utilization of the toll bridges.

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N. Operating expenditures incurred by Caltrans

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

O. Transfers to Caltrans for capital expenditures

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

P. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

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

At June 30, 2002, the MTC's carrying amount of cash in checking and money market accounts was \$151,888,694 while the bank balance was \$152,747,004 with the difference represented primarily by outstanding checks. Of the bank balances at June 30, 2002, \$393,374 was insured by federal depository insurance or collateralized by securities held by MTC's agent in MTC's name and an amount of \$151,495,320 is required by Section 53652 of the California Government Code to be collateralized 110% by the pledging financial institutions, except promissory notes secured by first trust deeds, or letters of credit issued by the Federal Home Loan Bank of San Francisco which require collateral levels of 150% and 105%, respectively. Such collateral is not required to be in MTC's name.

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

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Financial Statements for the year ended June 30, 2002

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

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

BATA has covenanted to maintain an operations and maintenance reserve of two times the adopted operations and maintenance budget, as well as an extraordinary reserve of \$50 million. At June 30, 2002, BATA had restricted \$75 million as the restricted operations and maintenance reserve and \$50 million as the restricted extraordinary costs reserve. These amounts are shown as restricted long-term investments for the year ended June 30, 2002.

As required by GASB Statement No. 3, the MTC has categorized its investments to give an indication of the level of risk assumed based on the following description:

Category 1: Insured or registered, or securities held by the bank’s trust department or its agent in the MTC’s name.

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Category 2: Uninsured or unregistered, with securities held by the counter-party's trust department or agent in the MTC's name.

Category 3: Uninsured or unregistered, with securities held by the counter-party, or by its trust department or agent but not in the MTC's name.

Investments at June 30, 2002 consisted of the following :

	Categories			Fair Value
	1	2	3	
U.S. Agency Securities	\$ 674,223,130	\$ -	\$ -	\$ 674,223,130
Total	<u>\$ 674,223,130</u>	<u>\$ -</u>	<u>\$ -</u>	<u>674,223,130</u>
Investments not subject to categorization:				
Investment Pool				<u>50,575,306</u>
Total Investments				<u>\$ 724,798,436</u>

The U.S. Agency Securities were insured or registered or the securities were held by the MTC or its agent in the MTC's name and are accordingly shown as Category 1 credit risk investments.

The MTC holds a position in the investment pool of County of Alameda in the amount of \$50,575,304. These funds are not registered with the Securities and Exchange Commission (SEC). The County of Alameda is restricted by state code in the types of investments it can make. Further, the County Treasurer has a written investment policy approved by the Board of Supervisors and also has an investment committee which performs regulatory oversight for its pool as required by California Government Code Section 27134. The County's investment policy authorizes the County to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, certificates of deposit, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances, repurchase agreements, reverse repurchase agreements, and the State Treasurer's investment pool.

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

Cash	\$ 151,888,694
Investments	<u>724,798,436</u>
Total cash and investments	<u><u>\$ 876,687,130</u></u>
Reported as:	
Unrestricted cash and cash equivalents	\$ 355,041,570
Unrestricted investments	<u>396,645,560</u>
Total unrestricted cash and investments	<u>751,687,130</u>
Restricted cash and cash equivalents	-
Restricted investments	<u>125,000,000</u>
Total restricted cash and investments	<u>125,000,000</u>
Total cash and investments	<u><u>\$ 876,687,130</u></u>

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Financial Statements for the year ended June 30, 2002
Notes to Financial Statements

3. CAPITAL ASSETS

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

Governmental activities

	Beginning Balance July 1, 2001	Additions	Retirements	Ending Balance June 30, 2002
Capital assets, being depreciated				
Buildings and improvements	\$ 4,578,057	\$ 120,751	\$ -	\$ 4,698,808
Office furniture and equipment	2,698,664	66,329	-	2,764,993
Leased equipment	63,797	83,430	(63,797)	83,430
Automobiles	163,063	22,485	-	185,548
Total capital assets being depreciated	<u>7,503,581</u>	<u>292,995</u>	<u>(63,797)</u>	<u>7,732,779</u>
Less accumulated depreciation for				
Buildings and improvements	1,731,203	170,213	-	1,901,416
Office furniture and equipment	2,003,563	197,433	-	2,200,996
Leased equipment	44,658	12,166	(44,658)	12,166
Automobiles	128,898	23,452	-	152,350
Total accumulated depreciation	<u>3,908,322</u>	<u>403,264</u>	<u>(44,658)</u>	<u>4,266,928</u>
Total capital assets, net	<u>\$ 3,595,259</u>	<u>\$ (110,269)</u>	<u>\$ (19,139)</u>	<u>\$ 3,465,851</u>

Business-type activities

	Beginning Balance July 1, 2001	Additions	Retirements	Ending Balance June 30, 2002
Capital assets, being depreciated				
Office furniture and equipment	\$ 1,040,198	\$ 35,264	\$ -	\$ 1,075,462
Callboxes	9,144,800	-	-	9,144,800
Total capital assets being depreciated	<u>10,184,998</u>	<u>35,264</u>	<u>-</u>	<u>10,220,262</u>
Less accumulated depreciation for				
Office furniture and equipment	798,704	92,450	-	891,154
Callboxes	7,579,450	475,927	-	8,055,377
Total accumulated depreciation	<u>8,378,154</u>	<u>568,377</u>	<u>-</u>	<u>8,946,531</u>
Total capital assets, net	<u>\$ 1,806,844</u>	<u>\$ (533,113)</u>	<u>\$ -</u>	<u>\$ 1,273,731</u>

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Financial Statements for the year ended June 30, 2002
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4. LONG-TERM DEBT

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

Business-type activities

	Issue Date	Interest Rate	Calendar Maturity Year	Original Amount
2001 Revenue Bond Series A	5/24/2001	4.09%-4.10% *	2036	\$ 150,000,000
2001 Revenue Bond Series B	5/24/2001	4.12% *	2029	75,000,000
2001 Revenue Bond Series C	5/24/2001	4.11% *	2025	75,000,000
2001 Revenue Bond Series D	5/24/2001	4.83% **	2014	100,000,000
				400,000,000

Unamortized bond premium

Net long-term debt

* Series A, B and C are issued as variable rate demand bonds with a floating-to-fixed interest rate swap transaction in place. Refer to interest rate swap description within this footnote. Of the \$150,000,000 Series A bonds, \$75,000,000 was swapped to a fixed rate of 4.09% and \$75,000,000 was swapped to a fixed rate of 4.10%.

** Series D bonds are issued as fixed rate bonds with a final maturity of 2018. The bonds carry interest rates ranging from 3.850% in 2006 to 5.120% in 2018, for a true interest cost of 4.83%.

Beginning Balance July 1, 2001	Additions	Reductions	Ending Balance June 30, 2002	Due Within One Year
\$ 150,000,000	\$ -	-	\$ 150,000,000	\$ -
75,000,000	-	-	75,000,000	-
75,000,000	-	-	75,000,000	-
100,000,000	-	-	100,000,000	-
400,000,000	-	-	400,000,000	\$ -
1,412,776	-	83,927	1,328,849	
\$ 401,412,776	\$ -	\$ 83,927	\$ 401,328,849	

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Annual funding requirements

The annual funding requirements (principal and interest) for the long-term debt outstanding of the business-type activities at June 30, 2002 are as follows:

Business-type activities			
Fiscal Year Ending	Principal Payments	Interest Payments	Total Payments
2003	\$ -	\$ 17,161,161	\$ 17,161,161
2004	-	17,161,161	17,161,161
2005	-	17,161,161	17,161,161
2006	5,785,000	17,122,595	22,907,595
2007	6,015,000	16,889,661	22,904,661
2008-2012	34,285,000	80,141,789	114,426,789
2013-2017	43,800,000	70,601,968	114,401,968
2018-2022	56,115,000	58,964,858	115,079,858
2023-2027	71,500,000	46,038,057	117,538,057
2028-2032	91,400,000	29,636,731	121,036,731
2033-2036	91,100,000	8,935,973	100,035,973
	<u>\$ 400,000,000</u>	<u>\$ 379,815,115</u>	<u>\$ 779,815,115</u>

2001 Series ABCD General Revenue Bonds

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

BATA has covenanted to maintain bridge toll rates sufficient to meet operations, maintenance and debt service costs. In addition, BATA will seek authority from the State legislature if net toll revenue is less than 1.0 times “fixed charges” as defined by the Master indenture, or the sum of net toll revenue and amounts in the operations and maintenance reserve is less than 1.25 times fixed charges (see detail in Schedule 5).

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

BATA has covenanted to maintain an operations and maintenance reserve of two times the adopted operations and maintenance budget, as well as an extraordinary reserve of \$50 million. At June 30, 2002, BATA had restricted \$75 million as the restricted operations and maintenance reserve and \$50 million as the restricted extraordinary loss reserve. These amounts are shown as restricted long-term investments for the year ended June 30, 2002.

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The 2001 bonds are not an obligation of the MTC primary government or any component unit other than BATA.

Interest Rate and Forward Interest Rate Swap Agreements

In January 2002, BATA completed a floating-to-fixed rate swap transaction with a notional value of \$300 million notional value. Counterparties to the transaction are Ambac for \$150 million, Salomon Smith Barney for \$75 million and Morgan Stanley for \$75 million. During the 35-year term of the swap, BATA will pay each respective counterparty based on a fixed rate ranging from 4.09% to 4.12% while receiving a floating rate payment equivalent to the actual floating rate payment in years 1 through 4 and a floating rate payment based on 65% of the one-month LIBOR index in years 5 through 35.

In May 2002, BATA approved a forward contract with Ambac to swap variable-to-fixed rate bonds to be issued by March 2003 in a notional amount of \$200 million. The contract calls for BATA to pay Ambac a fixed rate of 4.139%. In exchange, BATA will receive a variable rate payment based on 65% of the one-month LIBOR rate for the life of the financing.

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

Cancellation of any or all of the swap transactions is subject to a market value calculation at the time of termination. The market value calculation is used to determine what, if any, termination payment is due from or (to) the counterparty. At June 30, 2002 the financial and investment advisory firm of Public Financial Management (PFM) established the termination value as of June 30, 2002 as follows:

<u>Notional Value</u>	<u>Counterparty</u>	<u>Fixed Rate</u>	<u>Value due from / (to) counterparty</u>
\$ 75 million	Ambac	4.110%	\$ (2,735,559)
\$ 75 million	Ambac	4.120%	(2,631,306)
\$ 75 million	Morgan Stanley	4.090%	(2,358,965)
\$ 75 million	Salomon Smith Barney	4.100%	(2,466,787)
\$ 200 million	Ambac	4.139%	(4,965,053)
			<u>\$ (15,157,670)</u>

BATA's intent is to maintain the swap transactions for the life of the financing. In accordance with Governmental Accounting Standards Board Statement No. 20, BATA has not adopted Financial Accounting Standards Board Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*, and has not recorded the termination value due to the counterparties.

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5. LEASES

Capital Leases

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

Governmental Activities

<u>Year Ending June 30</u>	<u>Amount</u>
2003	\$ 22,597
2004	22,597
2005	22,597
2006	9,968
2007	<u>7,350</u>
Total	85,109
Less interest amounts	<u>(13,170)</u>
Present value of net minimum lease payments	<u><u>\$ 71,939</u></u>

Operating Leases

MTC conducts some of its operations from office space that is leased under a six-year operating lease which commenced on May 5, 1999. Monthly rent under this lease for the year ended June 30, 2002 was \$28,860.

Future minimum rental payments required under the above operating leases as of June 30, 2002 are as follows:

Governmental Activities

<u>Year Ending June 30</u>	<u>Amount</u>
2003	\$ 346,324
2004	361,061
2005	<u>361,061</u>
Total	<u><u>\$ 1,068,446</u></u>

**Metropolitan Transportation Commission
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Notes to Financial Statements**

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

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

Due to/from other funds

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

7. EMPLOYEES' RETIREMENT PLAN AND POST-RETIREMENT BENEFITS

Plan Description

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

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

Funding Policy

Members in the Plan are required to contribute 7% of their annual covered salary which is established by California state statute. However, due to a collective bargaining agreement, the MTC has a legal obligation to contribute this 7% on behalf of the covered employees. Therefore, employees have no obligation to contribute to the Plan. The MTC

Metropolitan Transportation Commission
Financial Statements for the year ended June 30, 2002
Notes to Financial Statements

is also required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its employees. The actuarial methods and assumptions are those adopted and amended by the CalPERS Board of Administration.

Annual Pension Cost

For the years ended June 30, 2002 and 2001, the MTC's actual and required contributions was \$0. The required contribution for the year ended June 30, 2002 was determined as part of the June 30, 1998 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included a) 8.25% investment rate of return (net of administrative expenses) and (b) projected salary increases that vary by duration of service. Both (a) and (b) include an inflation component of 3.5%. The actuarial value of the Plan's asset was determined using a technique that smoothes the effect of short-term volatility in market value of investments over a three-year period depending on the size of investment gains and/or losses. The Plan's unfunded actuarial excess asset is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 1998 was 30 years.

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

<u>Fiscal</u> <u>Year Ended</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>
6/30/2000	-	100%
6/30/2001	-	100%
6/30/2002	-	100%

Funding progress information for the MTC for 2002 is not available. The MTC's funding progress information as of June 30, 2001 is illustrated as follows:

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(AAL)</u> <u>Entry Age</u>	<u>Excess of</u> <u>Assets over</u> <u>AAL</u>	<u>Funded</u> <u>Ratio</u>	<u>Covered</u> <u>Payroll</u>	<u>Excess as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u>
June 30, 1999	\$ 39,399,271	\$ 26,993,343	\$ 12,405,928	146.0%	\$ 7,268,236	170.7%
June 30, 2000	43,765,185	29,898,463	13,866,722	146.4%	8,283,503	167.4%
June 30, 2001	45,552,447	32,924,078	12,628,369	138.4%	9,035,190	139.8%

8. COMMITMENTS AND CONTINGENCIES

The 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 the MTC's management, such disallowances, if any, would not have a material adverse effect on the accompanying government-wide financial statements.

Metropolitan Transportation Commission

Financial Statements for the year ended June 30, 2002

Notes to Financial Statements

The MTC is involved in various claims and litigation that is considered normal to the MTC's regional planning activities. In the opinion of the MTC's management, the ultimate resolution of these matters will not have a material adverse effect on the MTC's government-wide financial position.

Commitment and loan to Bay Area Rapid Transit District

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

The MTC's commitment included a \$60 million loan (the Loan) for the Project's cash flow requirements and \$16.5 million for additional budget items. In addition, MTC agreed to pay for interest and financing costs not to exceed \$11.8 million, for a total commitment of \$88.3 million.

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

On September 1, 1999, the San Francisco Bay Area Transit Financing Authority (the Authority), a joint powers agency, created pursuant to a joint exercise of powers agreement between BART and MTC, issued \$65,680,000 in Bridge Toll Notes (the Notes). The Notes are limited obligations of the Authority, payable from and secured solely by a pledge of bridge toll revenues, from the East Bay Account, allocated to BART by MTC. The Notes are insured and are to be paid in semi-annual installments until February 1, 2007 at interest rates ranging from 5.25% to 5.75%. Financial statements of the Authority can be obtained from BART, 800 Madison Avenue, Oakland, California 94607.

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

Metropolitan Transportation Commission
Financial Statements for the year ended June 30, 2002
Notes to Financial Statements

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

Governmental Activities	Regional Measure I <u>East Bay</u>	Regional Measure I <u>West Bay</u>	<u>Total</u>
<u>Year Ending June 30</u>			
2003	\$ 7,000,000	\$ 3,000,000	\$ 10,000,000
2004	7,000,000	3,000,000	10,000,000
2005	7,000,000	3,000,000	10,000,000
2006	7,000,000	3,000,000	10,000,000
2007	301,000	3,000,000	3,301,000
Total	<u>\$ 28,301,000</u>	<u>\$ 15,000,000</u>	<u>\$ 43,301,000</u>

During the year ended June 30, 2002, MTC paid \$10,000,000 to BART increasing the total loan made to BART to \$32,440,000.

9. RISK MANAGEMENT

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

SUPPLEMENTARY INFORMATION

**Metropolitan Transportation Commission
Schedule of Expenditures – Governmental General Fund
For the Year Ended June 30, 2002**

Schedule 1

Expenditures by natural classification:	
Salaries & benefits	\$ 11,702,059
Travel	298,853
Professional fees	30,781,329
Overhead	1,524,053
Printing & Reproduction	352,969
Other	<u>836,947</u>
 Reported as general government expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	
	<u><u>\$ 45,496,210</u></u>

**Metropolitan Transportation Commission
Schedule of Overhead, Salaries and Benefit Expense -
Governmental General Fund
For the Year Ended June 30, 2002**

Schedule 2

	Direct Costs	Indirect Costs	Total
Salaries	\$ 7,087,076	\$ 1,530,982	\$ 8,618,058
Benefits	2,605,464	478,537	3,084,001
TOTAL SALARIES AND BENEFITS	\$ 9,692,540	\$ 2,009,519	\$ 11,702,059
Reimbursable overhead:			
Printing and reprographics		\$ 62,466	
Computer services		436,302	
Conference and training		64,415	
Auto expense		5,964	
Travel expense/local mileage		10,957	
Transit tickets		8,737	
Meeting room/office rent		181,075	
Office supplies		93,956	
Equipment Rental		34,598	
Equipment maintenance and repair		11,491	
Mailing and postage		177,538	
Communications		91,465	
Insurance		113,529	
Subscriptions		25,258	
Library acquisitions		11,132	
Personnel recruitment		81,380	
Public hearings		20,726	
County auditor		30,721	
Press clippings		-	
Provide Graphic Services		801	
Law library		20,779	
Parking		18,931	
Legislative analysis services/supplies		151	
RAFC maintenance - Third floor		20,187	
Janitorial services		37,920	
Newswire services		4,578	
Utilities		64,435	
Storage rental		12,235	
Advertisement/legal notices		16,760	
Advisory committees		10,300	
Miscellaneous		9,999	
Audio Reproduction/Supply		1,491	
Equipment less than \$5,000 in cost		62,509	
Memberships		74,004	
Subtotal		1,816,790	
Under absorbed for year ended June 30, 2002		(962,873)	
Carryforward provision		670,136	
Total indirect costs excluding depreciation expense		1,524,053	
Depreciation expense		388,464	
Total indirect costs		<u>\$ 1,912,517</u>	

Metropolitan Transportation Commission
Schedule of Expenditures - Federal Highway Administration Grant
No. CA-81-2001 (06)
For the Year Ended June 30, 2002

Schedule 3

	ABAG	MTC	Total
Authorized expenditures			
Federal	\$ 786,969	\$ 6,154,554	\$ 6,941,523
Local Match	101,960	797,388	899,348
Total authorized expenditures	888,929	6,951,942	7,840,871
Actual Expenditures *			
ABAG	786,969		786,969
MTC			
<i>Program No. Program Name</i>			
1111 Support the Commission		184,492	184,492
1112 Implement Public Information Program		562,000	562,000
1114 Support advisory committees		65,000	65,000
1121 Develop and produce the RTP		312,000	312,000
1122 Travel models and data		362,000	362,000
1123 Corridor Studies		98,461	98,461
1124 Support Airport, Seaport Freight Planning Committees		12,500	12,500
1131 Legislative Program		162,000	162,000
1154 Graphics		289,312	289,312
1155 Computer support		677,730	677,730
1156 Library services		112,000	112,000
1211 Define and implement corridor-level operations strategies		21,492	21,492
1212 Develop MTS performance measures		112,000	112,000
1213 Implement Freeway Management program		83,030	83,030
1221 Implement TransLink		462,000	462,000
1222 Regional rideshare program		57,500	57,500
1224 Implement regional traveler info systems		312,000	312,000
1225 Transit Trip planning		112,000	112,000
1227 Coordination projects		162,000	162,000
1229 Refine regional transportation emergency response program		67,500	67,500
1233 Improve pavement management system (PMS)		283,266	283,266
1234 Support partners' efforts to improve the arterial system		12,500	12,500
1241 Develop and implement plans		112,000	112,000
1242 Develop regional architecture		57,500	57,500
1243 Build regional ITS capability		12,500	12,500
1311 Assist counties		112,000	112,000
1312 Support Title VI and Environmental Justice		29,000	29,000
1411 Prepare EIR for RTP		35,129	35,129
1511 Financial analysis and planning		112,000	112,000
1512 Federal programming, monitoring and TIP development		512,000	512,000
1514 Administer transit assistance		32,717	32,717
1515 State programming and project monitoring		278,345	278,345
1611 Implement Transportation for Livable Communities initiative		179,000	179,000
Total Expenditures	786,969	5,994,974	6,781,943
Balance of Federal Highway Administration Grant	\$ -	\$ 159,580	\$ 159,580

* Expenditures reported at federal reimbursement rate (88.53%)

Metropolitan Transportation Commission
Statement of Revenues, Expenses and Changes in
Fund Net Assets – SAFE Proprietary Fund – By Program
For the Year Ended June 30, 2002

Schedule 4

	Callbox Program	Freeway Service Patrol Program	Total
Operating revenues			
Department of Motor Vehicles registration fees	\$ 5,897,408	\$ -	\$ 5,897,408
Other operating revenues	3,809	2,779	6,588
Total operating revenues	5,901,217	2,779	5,903,996
Operating expenses			
Towing contracts	-	5,781,261	5,781,261
Professional fees	1,094,198	149,251	1,243,449
Repairs and maintenance	868,047	280,330	1,148,377
Communications charges	246,023	96,905	342,928
Depreciation and amortization	477,708	88,640	566,348
Other Operating Expenses	24,881	144,083	168,964
Total Operating Expenses	2,710,857	6,540,470	9,251,327
Operating income / (loss)	3,190,360	(6,537,691)	(3,347,331)
Unrestricted non-operating revenues / (expenses)			
Interest Income	479,994	-	479,994
Caltrans operating Grants	177,140	5,024,613	5,201,753
Federal operating grants	-	1,163,811	1,163,811
Operating grants from other agencies	-	101,224	101,224
Loss on sale of investments	(15,498)	-	(15,498)
Total non-operating revenues, net	641,636	6,289,648	6,931,284
Income before operating and capital transfers	3,831,996	(248,043)	3,583,953
Transfers to MTC	(1,226,964)	(536,971)	(1,763,935)
Transfers between programs	(697,073)	697,073	-
Change in net assets	1,907,959	(87,941)	1,820,018
Total net assets - beginning	23,129,787	87,941	23,217,728
Total net assets - ending	\$ 25,037,746	\$ -	\$ 25,037,746

Metropolitan Transportation Commission
Statement of Revenues, Expenses and Changes in Fund Net Assets –
SAFE Proprietary Fund – Call Program – By County
For the Year Ended June 30, 2002

	Alameda	Contra Costa	Marin	Napa
Revenues				
Department of Motor Vehicles				
registration fees	\$ 1,222,790	\$ 850,983	\$ 235,873	\$ 123,089
Caltrans operating grants	35,570	26,640	7,256	5,379
Investment earnings and other revenues	93,763	69,854	19,027	14,104
Total Revenues	1,352,123	947,477	262,156	142,572
Expenses	529,105	407,064	127,757	98,093
Income before operating and capital transfers	823,018	540,413	134,399	44,479
Interfund transfers	(479,180)	(298,899)	(107,162)	(37,256)
Change in net assets	343,838	241,514	27,237	7,223
Total net assets - beginning	4,990,575	3,086,434	(45,795)	(60,742)
Total net assets - ending	\$ 5,334,413	\$ 3,327,948	\$ (18,558)	\$ (53,519)

Schedule 5

San Francisco	San Mateo	Santa Clara	Solano	Sonoma	Total
\$ 484,525	\$ 691,989	\$ 1,481,267	\$ 348,570	\$ 458,322	\$ 5,897,408
3,450	22,783	44,957	15,832	15,273	177,140
9,048	59,742	121,204	41,513	40,050	468,305
497,023	774,514	1,647,428	405,915	513,645	6,542,853
57,659	358,018	710,143	200,597	222,451	2,710,857
439,364	416,496	937,285	205,318	291,194	3,831,996
(44,149)	(251,816)	(451,254)	(134,196)	(120,125)	(1,924,037)
395,215	164,680	486,031	71,122	171,069	1,907,959
3,052,600	2,616,747	7,456,098	(214,877)	2,248,747	23,129,787
\$ 3,447,815	\$ 2,781,427	\$ 7,942,129	\$ (143,755)	\$ 2,419,816	\$ 25,037,746

**Metropolitan Transportation Commission
Schedule of Computations Demonstrating
Bond Covenant Compliance – BATA Proprietary Fund
For the Year Ended June 30, 2002**

Schedule 6

	2002	2001
Revenue		
Tolls	\$ 142,337,259	\$ 142,310,747
Interest	45,133,980	41,390,049
Other	2,487,880	2,500,984
Total revenue	<u>189,959,119</u>	<u>186,201,780</u>
Operating expenses		
Operating expenses	29,276,930	31,698,838
Services and charges	3,051,919	3,466,533
Depreciation	104,778	19,155
Total operating expenses	<u>32,433,627</u>	<u>35,184,526</u>
Net operating income	157,525,492	151,017,254
Debt service	<u>13,357,928</u>	<u>1,327,465</u>
Income before operating transfers	144,167,564	149,689,789
Operating transfers		
Metropolitan Transportation Commission Administrative Transfers	1,589,270	567,641
Metropolitan Transportation Commission Transit Transfers		
AB664 expenses	12,482,234	12,477,638
90% rail expenses	10,007,625	9,873,379
5% transit expenses	1,169,742	2,362,442
Total operating transfers	<u>25,248,871</u>	<u>25,281,100</u>
Net income before capital transfers	<u>118,918,693</u>	<u>124,408,689</u>
Capital project transfers		
Regional Measure 1 transfers	280,126,750	229,504,252
Bridge rehabilitation transfers	20,220,648	11,378,777
Transfers to other agencies	890,706	549,415
	<u>301,238,104</u>	<u>241,432,444</u>
Other transfers		
Return of capital contribution	-	(1,964,352)
Total transfers	<u>301,238,104</u>	<u>243,396,796</u>
Change in net assets	(182,319,411)	(118,988,107)
Total net assets - beginning	<u>572,536,332</u>	<u>691,524,439</u>
Total net assets - ending	<u>\$ 390,216,921</u>	<u>\$ 572,536,332</u>

Metropolitan Transportation Commission
Schedule of Computations Demonstrating
Bond Covenant Compliance – BATA Proprietary Fund, *continued*
For the Year Ended June 30, 2002

Schedule 6

	2002	2001
Net operating income	\$ 157,525,492	\$ 151,017,254
Debt service	\$ 13,357,928	\$ 1,327,465
Debt service coverage (1)	11.79	113.80
Debt service coverage - bond covenant requirement	1.00	1.00
Total revenue	\$ 189,959,119	\$ 186,201,780
Fixed charges (2)	\$ 71,040,426	\$ 61,793,091
Fixed charge coverage	2.67	3.01
Fixed charge coverage - bond covenant requirement	1.00	1.00
Total revenue plus operations & maintenance reserve	\$ 264,959,119	\$ 261,201,780
Fixed charges (2)	\$ 71,040,426	\$ 61,793,091
Fixed charge coverage	3.73	4.23
Fixed charge coverage - bond covenant requirement	1.25	1.25
Self insurance reserve	\$ 50,000,000	\$ 50,000,000
Self insurance reserve - bond covenant requirement	\$ 50,000,000	\$ 50,000,000
Operations & maintenance reserve	\$ 75,000,000	\$ 75,000,000
Operations & maintenance reserve - bond coverage requirement	\$ 64,867,254	\$ 70,369,052

(1) Based on debt outstanding from May 24, 2001.

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

Metropolitan Transportation Commission
Schedule of Operating Revenue and Expenses – BATA Proprietary Fund –
By Bridge
For the Year Ended June 30, 2002

	Carquinez Bridge	Benicia- Martinez Bridge	Antioch Bridge
Operating revenues			
Toll revenues collected by Caltrans	\$ 26,948,118	\$ 21,490,553	\$ 3,369,095
Other operating revenues	381,022	334,860	33,507
Total operating revenues	27,329,140	21,825,413	3,402,602
Operating expenses			
Operating expenditures incurred by Caltrans	3,822,393	3,782,343	1,328,562
Services and charges	572,013	454,414	62,095
Depreciation	18,072	14,382	1,937
Total operating expenses	4,412,478	4,251,139	1,392,594
Operating income	\$ 22,916,662	\$ 17,574,274	\$ 2,010,008

Schedule 7

Richmond- San Rafael Bridge	San Francisco Oakland Bay Bridges	San Mateo - Hayward Bridge	Dumbarton Bridge	Total
\$ 14,544,342	\$ 48,549,475	\$ 15,887,162	\$ 11,548,514	\$ 142,337,259
200,480	544,841	197,794	200,389	1,892,893
14,744,822	49,094,316	16,084,956	11,748,903	144,230,152
2,507,419	12,180,120	3,153,070	2,503,023	29,276,930
322,573	1,058,317	322,719	259,788	3,051,919
10,184	38,884	11,788	9,531	104,778
2,840,176	13,277,321	3,487,577	2,772,342	32,433,627
\$ 11,904,646	\$ 35,816,995	\$ 12,597,379	\$ 8,976,561	\$ 111,796,525

Metropolitan Transportation Commission
Schedule of Toll Collection Summary – BATA Proprietary Fund – by Bridge
(in Number of Vehicles)
For the Year Ended June 30, 2002

	San Francisco- Oakland Bay Bridge	San Mateo- Hayward Bridge	Dumbarton Bridge
Autos, Trucks, Buses & Trailers			
2-Axle	44,400,553	13,316,606	10,616,457
3-Axle	158,378	97,112	46,277
4-Axle	105,571	64,376	22,932
5-Axle	444,310	242,181	90,234
6-Axle	7,868	4,776	2,099
7-Axle & More	864	929	862
	<hr/>		
Subtotal – Paid Vehicles	45,117,544	13,725,980	10,778,861
Free Vehicles	4,963,846	1,457,329	1,497,027
	<hr/>		
Total Vehicles	50,081,390	15,183,309	12,275,888
	<hr/> <hr/>		

Schedule 8

Carquinez Bridge	Benicia- Martinez Bridge	Antioch Bridge	Richmond- San Rafael Bridge	Toll Traffic Total
20,751,595	17,017,887	2,139,963	12,061,562	120,304,623
146,802	151,995	41,117	79,512	721,193
105,657	114,205	27,806	60,145	500,692
651,231	437,972	115,031	262,518	2,243,477
21,489	10,003	1,443	4,056	51,734
993	694	63	330	4,735
21,677,767	17,732,756	2,325,423	12,468,123	123,826,454
1,457,944	679,705	154,892	568,699	10,779,442
23,135,711	18,412,461	2,480,315	13,036,822	134,605,896

Metropolitan Transportation Commission
Statement of Fiduciary Net Assets by Participant – TDA Fiduciary Fund
June 30, 2002

	County of Alameda	County of Contra Costa	County of Marin	County of Napa
Assets				
Restricted assets held by participating counties	\$ 5,977,958	\$ 16,336,086	\$ (1,032,705)	\$ 8,757,204
Due from Caltrans	-	-	813,715	-
Interest receivable	-	16,920	-	-
Total Net Assets	\$ 5,977,958	\$ 16,353,006	\$ (218,990)	\$ 8,757,204

Metropolitan Transportation Commission
Statement of Changes in Fiduciary Net Assets – TDA Fiduciary Fund
June 30, 2002

	County of Alameda	County of Contra Costa	County of Marin	County of Napa
Additions				
Revenues:				
Local Transportation Fund	\$ 56,343,360	\$ 30,538,171	\$ 9,732,118	\$ 4,876,446
Investment earnings:				
Interest	395,838	289,539	80,046	297,198
Total additions	56,739,198	30,827,710	9,812,164	5,173,644
Deductions				
Allocations:				
Other Agencies	67,471,003	32,725,449	11,104,018	4,865,541
Expenses:				
Administrative	1,991,523	1,110,823	356,736	195,058
Total deductions	69,462,526	33,836,272	11,460,754	5,060,599
Change in Net Assets	\$(12,723,328)	\$ (3,008,562)	\$ (1,648,590)	\$ 113,045

Schedule 9

City/County of San Francisco	County of San Mateo	County of Santa Clara	County of Solano	County of Sonoma	Total
\$ (2,408,052)	\$ (2,673,153)	\$ 422,704	\$ 11,018,623	\$ 16,386,259	\$ 52,784,924
-	-	-	-	-	813,715
-	-	-	-	-	16,920
<u>\$ (2,408,052)</u>	<u>\$ (2,673,153)</u>	<u>\$ 422,704</u>	<u>\$ 11,018,623</u>	<u>\$ 16,386,259</u>	<u>\$ 53,615,559</u>

Schedule 10

City/County of San Francisco	County of San Mateo	County of Santa Clara	County of Solano	County of Sonoma	Total
\$ 29,683,577	\$ 30,834,076	\$ 75,632,441	\$ 12,019,791	\$ 16,813,361	\$ 266,473,341
531,607	498,746	556,919	491,360	621,290	3,762,543
30,215,184	31,332,822	76,189,360	12,511,151	17,434,651	270,235,884
39,691,474	44,596,038	95,980,923	12,749,129	16,367,991	325,551,566
1,282,463	1,123,241	3,025,299	480,791	619,333	10,185,267
40,973,937	45,719,279	99,006,222	13,229,920	16,987,324	335,736,833
<u>\$ (10,758,753)</u>	<u>\$ (14,386,457)</u>	<u>\$ (22,816,862)</u>	<u>\$ (718,769)</u>	<u>\$ 447,327</u>	<u>\$ (65,500,949)</u>