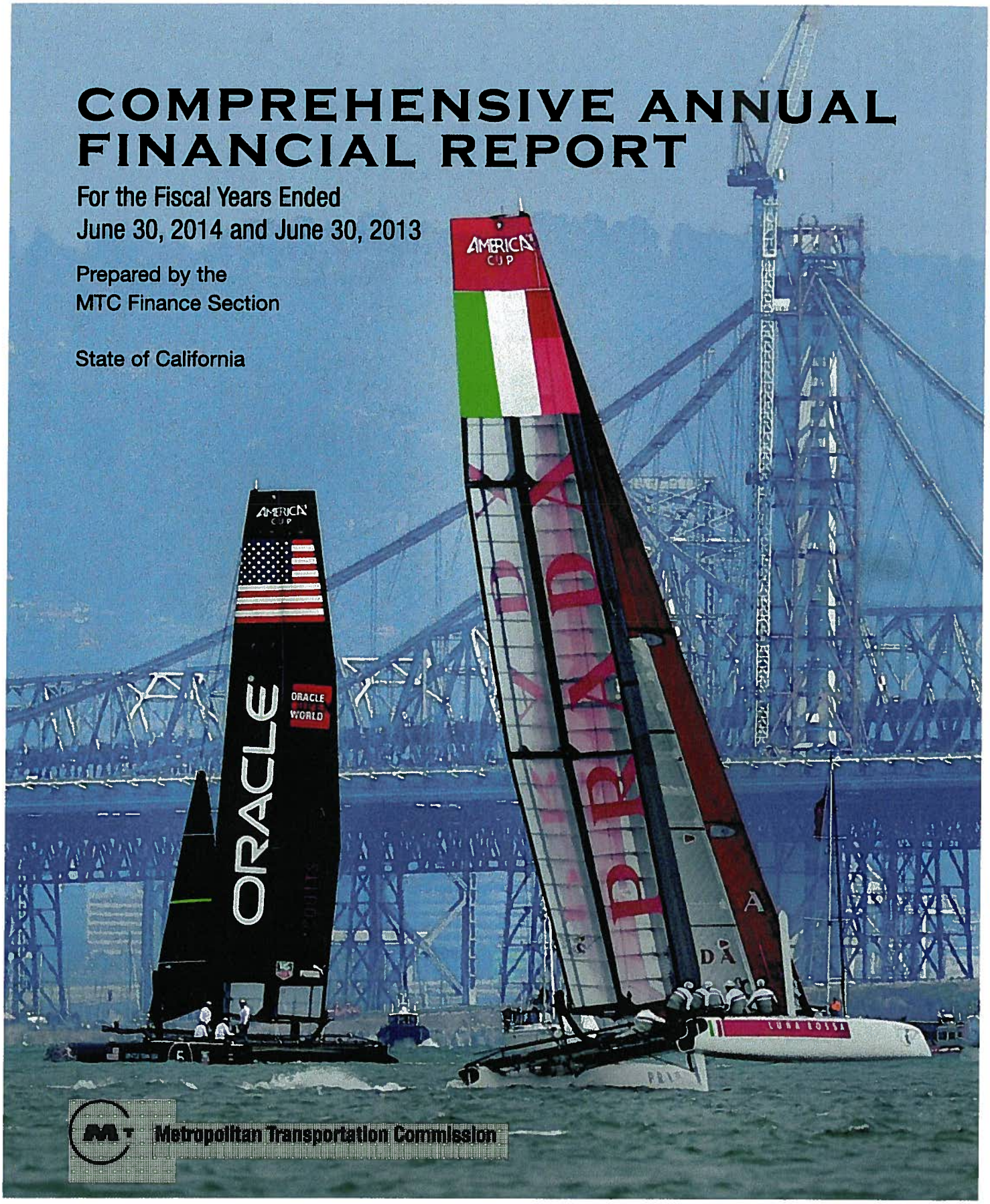
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Years Ended
June 30, 2014 and June 30, 2013

Prepared by the
MTC Finance Section

State of California



Metropolitan Transportation Commission

METROPOLITAN
TRANSPORTATION
COMMISSION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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MTC Finance Section

State of California

Metropolitan Transportation Commission
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METROPOLITAN
TRANSPORTATION
COMMISSION

Joseph P. Bort MetroCenter
101 Eighth Street
Oakland, CA 94607-4700
TEL 510.817.5700
TTY/TDD 510.817.5769
FAX 510.817.5848
EMAIL info@mtc.ca.gov
WEB www.mtc.ca.gov

Amy Rein Worth, Chair
Cities of Contra Costa County

Dave Cortese, Vice Chair
Santa Clara County

Alicia C. Aguirre
Cities of San Mateo County

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

Tom Bates
Cities of Alameda County

David Campos
City and County of San Francisco

Bill Dodd
Napa County and Cities

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U.S. Department of Transportation

Federal D. Glover
Contra Costa County

Scott Haggerty
Alameda County

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Steve Kinsey
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Sam Liccardo
San Jose Mayor's Appointee

Mark Luce
Association of Bay Area Governments

Jake Mackenzie
Sonoma County and Cities

Joe Pirzynski
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Jean Quan
Oakland Mayor's Appointee

Bijan Sartipi
California State Transportation Agency

James P. Spering
Solano County and Cities

Adrienne J. Tissier
San Mateo County

Scott Wiener
San Francisco Mayor's Appointee

Steve Heminger
Executive Director

Alix Bockelman
Deputy Executive Director, Policy

Andrew B. Fremier
Deputy Executive Director, Operations

October 1, 2014

Honorable Chairman
Members of the Metropolitan Transportation Commission

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) for the Metropolitan Transportation Commission (MTC), its blended and discretely presented component units and fiduciary funds for the fiscal year ended June 30, 2014. State law requires that MTC and its component units publish a complete audited financial statement within six months of the close of each fiscal year.

Responsibility for both accuracy of the data, as well as the completeness and fairness of the presentation, including all disclosures, rests with the management and staff of MTC. To the best of our knowledge, we believe this report to be complete and reliable in all material respects. To provide a reasonable basis for making these representations, management of MTC has established a comprehensive system of internal controls designed to both protect the government's assets from loss or misuse and to compile the information necessary to produce financial statements in conformity with Generally Accepted Accounting Principles (GAAP) and reported in a manner that presents fairly the financial position and operating results of MTC, its blended and discretely presented component units and fiduciary funds as of June 30, 2014. Because the cost of internal controls should not outweigh their benefits, MTC's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement.

The goal of the independent audit is to provide reasonable assurance that the financial statements presented here for the fiscal year ended June 30, 2014, are free of material misstatement. In addition, MTC is required to undergo a Single Audit of Federal programs conducted under the provisions of OMB Circular A-133. The agency's Independent Auditors, PricewaterhouseCoopers LLP, have issued an unqualified opinion on the Metropolitan Transportation Commission's financial statements for the year ended June 30, 2014. The independent auditor's report is located at the front of the financial section of this report.

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

The CAFR for the fiscal year ended June 30, 2014 includes financial information for all funds, accounts and fiduciary activities for which MTC has financial accountability. MTC also participates in numerous boards, groups and associations. While MTC participates in such activities, MTC does not have an ongoing financial interest or administrative control and, as such, information related to these outside groups and associations are excluded from this report. MTC is also a member of the Regional Administrative Facility Corporation (RAFC),

which is a joint powers facility management association consisting of MTC, the Association of Bay Area Governments (ABAG), and the Bay Area Rapid Transit District (BART). The MTC Commission does not have financial accountability for RAFC or its expenses and as such, RAFC is excluded from this report. See discussion on Related Party Transaction in the Notes to the Financial Statements, Note 12.

Profile of the Government:

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

Agency	Voting Members	Non-Voting Members
Alameda County	3	
Contra Costa County	2	
Marin County	1	
Napa County	1	
City & County of San Francisco	2	
San Mateo County	2	
Santa Clara County	3	
Solano County	1	
Sonoma County	1	
Association of Bay Area Governments (ABAG)	1	
San Francisco Bay Conservation & Development Commission	1	
U.S. Department of Transportation		1
U.S. Department of Housing & Urban Development		1
State Business, Transportation & Housing Agency		1
Total:	18	3

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

MTC commissioners also serve as the governing authority for MTC Service Authority for Freeways & Expressways (MTC SAFE), and the Bay Area Toll Authority (BATA). The Commission is responsible for adopting budgets for operating and project costs, as well as setting general policy direction. An Executive Director appointed by the Commission is responsible for carrying out Commission direction and day-to-day administration of MTC and its employees. Some of the Commissioners are also members of Bay Area Headquarters Authority (BAHA) and Bay Area Infrastructure Financing Authority (BAIFA). These are two Joint Powers Authorities exercising joint powers between MTC and BATA.

The 2014 fiscal year continued to be another challenging year with the economy recovering. There were significant accomplishments made by MTC as indicated in the Management's Discussion and Analysis highlights.

Awards and Acknowledgments:

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Metropolitan Transportation Commission for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2013. This was the eleventh consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, MTC had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

Sincerely,

Brian Mayhew
Chief Financial Officer

METROPOLITAN
TRANSPORTATION
COMMISSION

Joseph P. Bort MetroCenter
101 - Eight Street
Oakland, CA 94607
Telephone: 510.817.5700
TDD/TTY: 510.817.5769
Fax: 510.817.5848
E-mail: info@mtc.ca.gov
Web: http://www.mtc.ca.gov

STAFFING ORGANIZATION
July 2014

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Amy Rein Worth
Chair

EXECUTIVE OFFICE (6)
Steve Heminger
Executive Director

Rosy Leyva
Commission Secretary

Beba Jimenez
Maria Leon

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CFO

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Suzanne Bode
Vince Cabrieto
Catherine Cam
Sonia Elsonbaty
Elena Federis
Abbey Haile
Girma Kebede
Betty Lam
Alan Lee
Jennifer Lee
Suk Li
Jessica Lin
Lilia Lobetos
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Gary Louie
Nancy Louie
Carolyn McKenzie
Mabel Melkonians
Rowena Pagtakahn
Anna Pan
Seema Prasad
Caroline Stanley
Jackie Suen
Eva Sun
Lourdes Tang
Victor Wong
Raymond Woo
Susan Woo
Russell Yuen

Vacant - 1

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JOINT POLICY COMMITTEE DIRECTOR
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Sean Co
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Stefanie Hom
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Michael Riley
Drennen Shelton
Rupinder Singh
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Jennifer Yeamans

Vacant - 2

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Adam Crenshaw
Kenneth Folan
Craig Goldblatt
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Shruit Hari
Christina Hohorst
Kenneth Kao
J. Matthew Maloney
Kristen Mazur
Ross McKeown
Theresa Romell
Sui Tan
Glen Tepke
Kimberly Ward

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LEGISLATION AND PUBLIC AFFAIRS (17)
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Director

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Karin Betts
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Joe Curley
John Goodwin
Ellen Griffin
Pam Grove
Brenda Kahn
Georgia Lambert
Leslie Lara
Rebecca Long
Michele Stone
Julie Tunnell

Vacant - 1

DEPUTY EXECUTIVE DIRECTOR, OPERATIONS
Andrew B. Fremier

ADMINISTRATIVE AND TECHNOLOGY SERVICES (29)
Mamie Lai
Director

Jason Agbunag
Gavin Alavinejad
Luis Barragan
Tom Bryan
Betty Cecchini
Luz Campos
Robert Hoffman
Stephen Hohorst
RobinJames
Paula Johnson
Pratul Kant
Timo Kiessling
Yulee Kim
Thomas Lacap
Yong Lee
Ann Macaulay
Joel Markowitz
Irving Maxwell
Ethan Michaels
Gilbert Mingming
Denise Rodrigues
Nick Roethel
Valerie Stark
Michelle Tan
Alice Truong

Vacant - 3

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Janet Banner
Stephen Baker
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Shauna Callow
Kaki Cheung
Rosalynn Chongchaikit
Winnie Chung
Derek Fassler
Brooke Fotheringham
Pierce Gould
Sarah Husain
Anika Jesi
Ganesh Karkee
Michael Kerns
Lisa Klein
Barb Laurenson
Linda Lee
Peter Lee
Christopher Lillie
Virgina Lingham
Jaime Maldonado
Alysha Nachtigall
Ashley Nguyen
Raymond Odunlami
Stefanie Pow
Robert Rich
Brenton Smith
Jay Stagi
Noah Tunick
Emily Van Wagner
Radiah Victor
Lin Zhang

Vacant - 7

ELECTRONIC PAYMENTS (24)
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Director

Stephen Abbanat
Michael Brinton
Edgar Brown
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Mark Dinh
Manuel Espiritu
Brian Gebhardt
Jeff Gerbracht
Michele Gillaspie
Kelley Jackson
Raymond Jocson
Mike Lee
Jim Macrae
Jef Nazareno
Derek Toups
Lynn Valdivia
Jason Weinstein
David Weir
Beth Zelinski

Vacant - 4

BAHA (3)
Teri Green
Director

Valerie Campbell
Stephen Wolf

Vacant - 0

OFFICE OF GENERAL COUNSEL (5)

Adrienne Weil *
General Counsel

Cynthia Segal
Matthew Lavrinets
Brooke Abola

Ron Ceguera

201 Positions

* Advises Commission Directly

Steve Heminger
Executive Director

COMMISSIONERS

Amy Rein Worth, Chair	Cities of Contra Costa County
Dave Cortese, Vice Chair	Santa Clara County
Alicia C. Aguirre	Cities of San Mateo County
Tom Azumbrado	US Department of Housing and Urban Development
Tom Bates	Cities of Alameda County
David Campos	City and County of San Francisco
Bill Dodd	Napa County and Cities
Dorene M. Giacopini	U.S. Department of Transportation
Federal D. Glover	Contra Costa County
Scott Haggerty	Alameda County
Anne W. Halsted	SF Bay Conservation and Development Commission
Steve Kinsey	Marin County and Cities
Sam Liccardo	San Jose Mayor's Appointee
Mark Luce	Association of Bay Area Governments
Jake Mackenzie	Sonoma County and Cities
Joe Pirzynski	Cities of Santa Clara County
Jean Quan	Oakland Mayor's Appointee
Bijan Sartipi	State Business, Transportation and Housing Agency
James P. Spering	Solano County and Cities
Adrienne J. Tissier	San Mateo County
Scott Wiener	San Francisco Mayor's Appointee

APPOINTED OFFICIALS

Steve Heminger	Executive Director
Adrienne Weil	Legal Counsel

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Metropolitan Transportation Commission, California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

pwc

Independent Auditor's Report

To the Commissioners of the Metropolitan Transportation Commission:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Metropolitan Transportation Commission ("MTC" or "Commission") as of and for the years ended June 30, 2014 and 2013 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Metropolitan Transportation Commission at June 30, 2014 and 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

pwc

Other Matters

Required Supplementary Information

The accompanying management's discussion and analysis appearing on pages 3 through 16 and the budgetary comparison and funding status information identified in the table of contents under *Required Supplementary Information* and appearing on pages 85 through 90 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The supplementary schedules identified in the table of contents under *Other Supplementary Information* and appearing on pages 92 through 113 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, these supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Statistical Section

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The charts, schedules and other information identified in the table of contents under Statistical Section and appearing on pages 115 through 131 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

PricewaterhouseCoopers LLP

November 12, 2014

Management's Discussion and Analysis

This section presents an overview of the financial activities of the Metropolitan Transportation Commission (MTC), as well as its blended and discretely presented component units as discussed separately below for the years ended June 30, 2014 and 2013. Except as otherwise stated, all amounts described below are expressed in thousands of dollars – '000 removed.

A. Financial Highlights

Fiscal year 2014 was another busy and productive year for MTC and for the nine-county region. The region's unemployment rate dropped slightly from the previous fiscal year. Sales tax and toll revenue increased as the economy showed signs of improvement. Following are some of the highlights from fiscal year 2014:

- Sales tax revenue, which dropped 19% from fiscal year 2008 to fiscal year 2010, has increased in the region for the fourth straight year, increasing by 33% since fiscal year 2010.
- The Bay Bridge new East Span opened Labor Day weekend 2013.
- BATA successfully installed a new toll collection system at all seven state-owned Bay Area bridges, with the last installation being completed at the San Francisco - Oakland Bay Bridge (the "Bay Bridge") in September 2013.
- The Caldecott Tunnel fourth bore opened to traffic in November 2013.
- MTC adopted two funding programs in December 2013 for $10 billion dollars over the next 15 years dedicated to climate initiatives and improvement to transportation networks in priority development areas.
- Clipper®, the region's smart card program for public transit, saw weekday boardings average over 699,000 with over 1.4 million active cards in use. Clipper® also reached a milestone in April 2014 with over 20 million transactions.
- The BART connector to the Oakland International Airport project is scheduled to open in the fall of 2014.

MTC and its operating units continue to provide regional resources for seismic and transportation projects. All MTC operating units, MTC, BATA and MTC Service Authority for Freeways and Expressways (MTC SAFE) adopted FY 2013-2014 balanced budgets, without layoffs or significant reduction to MTC service levels for fiscal year 2014.

B. Overview of the Financial Statements

The government-wide financial statements provide an overview of MTC, as well as its blended and discretely presented component units. The government-wide financial statements comprise a Statement of Net Position, a Statement of Activities and accompanying notes. The Statement of Net Position presents financial information on the government-wide net position of MTC at the end of the 2014 and 2013 fiscal years. The difference between the assets plus deferred outflows and liabilities plus deferred inflows is reported as "Net Position." The Statement of Activities presents government-wide information showing the change in net position resulting from revenues earned and expenses incurred during the 2014 and 2013 fiscal years. All changes in net position are recorded as revenues are earned and expenses are incurred, regardless of the timing of related cash flows.

MTC is composed of governmental and business-type funds and activities as well as two discretely presented component units. The governmental funds are comprised of the general fund, the special revenue funds and the capital project funds. The business or proprietary funds are MTC Clipper®, BATA, MTC SAFE, the Bay Area Infrastructure Authority (BAIFA), and the Bay Area Headquarters Authority (BAHA).

MTC Clipper® is an enterprise fund that oversees the region's smartcard program. BATA and MTC SAFE are blended component units (legally separate) whose transactions are presented as business-type funds. BAIFA and BAHA are discretely presented component units on the government-wide financial statements. MTC also holds and administers three fiduciary funds further described in Section C below and in Note 1B to the financial statements.

The government-wide Statement of Net Position and Statement of Activities are presented on pages 17 - 20 of this report with the accompanying notes being presented on pages 37 - 83.

C. Overview of the Fund Financial Statements

i.) Governmental Funds

Governmental funds are used to account for MTC activities and are supported primarily by grants, contributions, sales taxes, and intergovernmental revenue sources. Governmental funds provide additional information not provided in the government-wide statements in that they focus on the annual inflows and outflows of resources as well as on the balance of resources available to be spent at fiscal year-end rather than the longer term focus of governmental activities as seen in the government-wide financial statements. The governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison of governmental funds to governmental activities.

MTC's governmental funds include a general fund, four major special revenue funds and other non-major funds. The financial statements of the governmental funds, prepared under the modified accrual basis of accounting are on pages 21 - 27 of this report. A schedule detailing the non-major special revenue funds are included on pages 92 - 93 of this report.

MTC adopts annual budgets for all funds. However, a comparison of budget-to-actual is required only for certain governmental funds (major funds) and these are presented on pages 85 - 89 of this report. A comparison of budget to actual is also presented for non-major funds on pages 94 - 97.

ii.) Proprietary Funds

Proprietary funds are used to report business-type activities. MTC has three proprietary funds, MTC Clipper®, BATA and MTC SAFE. BATA and MTC SAFE are presented as blended component units of MTC as proprietary funds on the government-wide and fund financial statements. MTC administers the Clipper® program which handles the implementation and ongoing operations of the Bay Area smart card. This system allows transit riders to pay fares throughout the Bay Area utilizing a single "smart" fare card when boarding bus, light rail, train or ferry

transportation. BATA is responsible for collection and administration of all toll funds and has funding oversight responsibility for Caltrans maintenance activities for the seven state-owned bridges in the San Francisco Bay Area. BATA also has funding and administrative oversight responsibilities for the Regional Measure 1 (RM 1) and Regional Measure 2 (RM 2) programs approved by the voters in 1988 and 2004, respectively as well as the $8.8 billion seismic retrofit program. The RM 1 program was completed in fiscal year 2013. MTC SAFE administers a freeway motorist aid system providing tow truck and call box services to stranded motorists in the nine Bay Area counties.

The financial statements of the proprietary funds are prepared on an accrual basis and are on pages 28 - 35.

iii.) Fiduciary Funds

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

MTC has three fiduciary funds, Transportation Development Act (TDA), BART Half-Cent Sales Tax (AB 1107), and the Clipper® funds. Revenue for the first two of these funds is derived from sales tax revenues. The revenue for the TDA fund is deposited in MTC's name as fiduciary with the respective treasurer in each of the nine counties in the region. Revenue for the AB 1107 fund is deposited with the State of California. MTC has administrative oversight for the allocation of these funds. The Clipper® fiduciary fund, used for the Clipper® smart card program, tracks the cash balances and receivables held on behalf of the Clipper® program, as well as the patron liability for the prepaid card balance.

The fiduciary funds financial statements are presented on page 36 of this report.

iv.) Discretely Presented Component Units

The Bay Area Infrastructure Financing Authority (BAIFA) was established in August 2006 as a separate public entity pursuant to the California Joint Exercise of Power Act, to plan capital projects and obtain funding in the form of grants, contributions, appropriations, loans and other assistance. BAIFA applies funds received to pay debt service on bonds issued by BAIFA to finance or refinance the related capital improvement projects.

The Bay Area Headquarters Authority (BAHA) was established in September 2011 as a separate public entity pursuant to the California Joint Exercise of Power Act, to plan, acquire, and develop the new MTC/BATA office space and facilities and undertake related activities on behalf of MTC and BATA.

Both BAIFA and BAHA are presented as proprietary funds in the discretely presented component unit columns of the government-wide financial statements because they do not meet the criteria for blending under the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61.

D. Notes to the Financial Statements

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

E. Government-Wide Financial Analysis

Total government-wide liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources for fiscal year 2014 by $5,416,474 and for fiscal year 2013 by $4,956,413 as illustrated in the following table. This represents decreases in net position for fiscal year 2014 of $460,061 and $256,730 for fiscal year 2013. The cause of the net position deficit is the impact of BATA financing of the bridges toll projects while Caltrans and the State of California own title to the bridges. As such, the asset value of the bridges is recorded at the State of California and not on BATA's books. This deficit will be reduced through operating income earned in the future as the toll revenue debt is retired and the projects are completed.

i.) Statement of Net Position

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

Metropolitan Transportation Commission's Statement of Net Position ($000)

	Governmental Activities			Business-Type Activities			Total		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
Cash and investments	$ 859,714	$ 852,600	$ 824,261	$ 2,726,472	$ 2,261,069	$ 2,953,231	$ 3,586,186	$ 3,113,669	$ 3,777,492
Receivables	63,955	75,021	85,412	39,398	46,992	48,852	103,353	122,013	134,264
Other assets	8,608	8,420	8,421	6,422	13,271	28,327	15,030	21,691	36,748
Loan to other agency	-	5,000	21,000	-	-	-	-	5,000	21,000
Capital assets	5,819	6,270	6,901	27,033	23,112	19,192	32,852	29,382	26,093
Total assets	938,096	947,311	945,995	2,799,325	2,344,444	3,049,602	3,737,421	3,291,755	3,995,597
Deferred Outflows	-	-	-	450,484	444,874	487,522	450,484	444,874	487,522
Other liabilities	110,297	98,657	67,229	429,951	375,840	477,260	540,248	474,497	544,489
Long term liabilities	2,340	2,299	7,204	9,035,892	8,182,874	8,582,618	9,038,232	8,185,173	8,589,822
Total liabilities	112,637	100,956	74,433	9,465,843	8,558,714	9,059,878	9,578,480	8,659,670	9,134,311
Deferred Inflows	419,262	439,895	461,370	(393,363)	(406,523)	(412,879)	25,899	33,372	48,491
Net position									
Net investment in capital assets	5,737	6,133	6,712	27,033	23,112	19,192	32,770	29,245	25,904
Restricted	372,455	376,344	406,868	200,000	200,000	200,000	572,455	576,344	606,868
Unrestricted (deficit)	28,005	23,983	(3,388)	(6,049,704)	(5,585,985)	(5,329,067)	(6,021,699)	(5,562,002)	(5,332,455)
Total Net position	$ 406,197	$ 406,460	$ 410,192	$ (5,822,671)	$ (5,362,873)	$ (5,109,875)	$ (5,416,474)	$ (4,956,413)	$ (4,699,683)

Total cash and investments increased by $472,517 from fiscal year 2013 to fiscal year 2014 and decreased by $663,823 from fiscal year 2012 to fiscal year 2013. The increase in fiscal year 2014 for the business-type activities of $465,403 is mainly due to the new $900 million bond issuance less drawdowns of bond proceeds for project expenses. The decrease in fiscal year 2013 for the business-type activities of $692,162 is mainly due to the drawdown of bond proceeds for project expenses. The increase in the governmental funds of $7,114 in

fiscal year 2014 is due to payments of $75,533 received in the BART Car Exchange fund and payment of $70,070 made for the Warm Spring BART station from the Rail Reserves fund. The increase in fiscal year 2013 of $28,339 is due to a $25,940 payment received in the BART Car Exchange fund that was accrued in fiscal year 2013.

Deferred outflows increased by $5,610 or 1.3 percent in fiscal year 2014 following a decrease of $42,648 or 8.7 percent in fiscal year 2013. These differences are due to the valuation of the derivative instruments. Refer to Note 1.Q of the financial statements.

Long-term liabilities increased by $853,059 or 10.4 percent in fiscal year 2014 after decreasing by $404,649 or 4.7 percent in fiscal year 2013. The increase in fiscal year 2014 is due to an increase in long term bonds payable of $832,000 and an increase in the valuation of derivative instrument liabilities of $20,038. The fiscal year 2013 decrease is due to a decrease of $216,006 in the valuation of derivative instrument liabilities, $111,700 reduction in long term bonds payable and reclassification of the payable to BAIFA of $78,070 from long term to short term liability.

Other liabilities increased by $65,751 in fiscal year 2014 compared to a decrease of $69,992 in fiscal year 2013. The increase in fiscal year 2014 is due to the increases in accounts payable of $96,244, securities payable of $25,900, accrued interest payable of $11,121, unearned revenue of $5,589, due to Caltrans and the long term debt of $2,470 and $2,030 respectively and offset by the final payment of the liability to BAIFA of $78,070. The increase in fiscal year 2013 is due to a reduction of $86,916 in the payment from BAIFA, an increase of the current portion of bonds payable of $5,625 and an increase in securities payable of $11,100.

The net position decreased by $460,061 or 9.3 percent in fiscal year 2014 following a decrease of $256,730 or 5.5 percent in fiscal year 2013. The decrease in the net position for both fiscal years is mainly due to the drawdowns of the Seismic Retrofit, RM 1, RM 2 and rehabilitation capital programs. BATA is the financing arm for the Regional Measures 1, 2, and Seismic Retrofit programs. The bond proceeds from these debt obligations are used to reimburse Caltrans for capital construction costs on the seven state-owned toll bridges. Since the bridges are not capitalized under BATA and title remains with Caltrans, the combination of distributions to Caltrans and increased debt to pay for project expenditures creates a negative asset, or deficit. The deficit will be eliminated by future toll revenues as projects are completed and debt service payments retire the outstanding bonds. This information is more fully described in Note 2 of the financial statements. The increase in the governmental activities is mainly due to the increases in Exchange and BART Car Exchange revenues and less expenditures in the Rail and Transit reserves funds in 2014.

ii.) Statement of Activities

The net position for governmental activities decreased for both fiscal years 2014 and 2013, and the net position for business-type activities also decreased in both fiscal years 2014 and 2013. The decrease in net position for governmental activities in 2014 is mainly due to the increase in expenditures associated with AB 664 and Rail Reserves capital projects nearly offset by the increase in revenues associated with the BART Car Exchange project. The decrease in net position in fiscal year 2013 is mainly due to the increase in project expenditures in the Rail Reserves fund associated with the Oakland Airport Connector.

The decrease in net position for business-type activities is the result of increases in BATA project financing and expense activities for both fiscal years. A breakdown of this activity is illustrated in the table below:

Metropolitan Transportation Commission's Statement of Activities ($000)

	Governmental Activities			Business-Type Activities			Total		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
Revenues:									
Program Revenue:									
Charges for service	$ -	$ -	$ -	$ 713,147	$ 690,181	$ 660,156	$ 713,147	$ 690,181	$ 660,156
Operating grants and contributions	301,254	250,529	245,172	393,471	272,281	263,080	694,725	522,810	508,252
Capital grants and contributions	-	-	-	81,209	-	-	81,209	-	-
General revenues:									
Investment earnings	1,935	2,132	2,619	560	53,714	(70,557)	2,495	55,846	(67,938)
Total revenues	303,189	252,661	247,791	1,188,387	1,016,176	852,679	1,491,576	1,268,837	1,100,470
Expenses:									
General government	78,763	69,123	77,165	-	-	-	78,763	69,123	77,165
Allocation to other agencies	237,098	210,915	124,269	-	-	-	237,098	210,915	124,269
Toll bridge activities	-	-	-	1,585,641	1,189,447	1,352,120	1,585,641	1,189,447	1,352,120
Clipper® smart card	-	-	-	37,393	38,319	34,846	37,393	38,319	34,846
Congestion relief	-	-	-	12,742	17,763	18,693	12,742	17,763	18,693
Total expenses	315,861	280,038	201,434	1,635,776	1,245,529	1,405,659	1,951,637	1,525,567	1,607,093
Change in net position before transfers	(12,672)	(27,377)	46,357	(447,389)	(229,353)	(552,980)	(460,061)	(256,730)	(506,623)
Transfers in/(out)	12,409	23,645	30,714	(12,409)	(23,645)	(30,714)	-	-	-
Changes in net position	(263)	(3,732)	77,071	(459,798)	(252,998)	(583,694)	(460,061)	(256,730)	(506,623)
Net position - Beginning	406,460	410,192	333,121	(5,362,873)	(5,109,875)	(4,526,181)	(4,956,413)	(4,699,683)	(4,193,060)
Net position - Ending	$ 406,197	$ 406,460	$ 410,192	$ (5,822,671)	$ (5,362,873)	$ (5,109,875)	$ (5,416,474)	$ (4,956,413)	$ (4,699,683)

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

F. Financial Analysis of Business-Type Activities

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

	Business-Type Activities ($000)								
	Bay Area Toll Authority			MTC SAFE			MTC Clipper		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
Revenues:									
Toll revenues	$ 671,507	$ 652,975	$ 625,863	$ -	$ -	$ -	$ -	$ -	$ -
Other operating revenues	19,417	16,117	17,051	6,356	6,143	6,376	15,867	14,945	10,866
Total revenues	690,924	669,092	642,914	6,356	6,143	6,376	15,867	14,945	10,866
Operating expenses:									
Operating expenses incurred by Caltrans/Transbay JPA	29,860	28,108	27,576	-	-	-	-	-	-
Other operating expenses	119,523	108,286	91,592	12,732	16,160	17,001	30,269	30,603	24,519
Total operating expenses	149,383	136,394	119,168	12,732	16,160	17,001	30,269	30,603	24,519
Operating income/(loss)	541,541	532,698	523,746	(6,376)	(10,017)	(10,625)	(14,402)	(15,658)	(13,653)
Nonoperating revenues/(expenses)									
Investment income/(charges)	555	53,707	(70,559)	4	7	2	1	-	-
BABs interest subsidy	70,762	72,065	76,562	-	-	-	-	-	-
Interest expense	(443,977)	(400,484)	(410,113)	-	-	-	-	-	-
Financing fees	(5,228)	(10,854)	(17,001)	-	-	-	-	-	-
Other nonoperating expense	(12,244)	(15,967)	(842)	(10)	-	-	-	-	-
Operating grants	307,978	171,031	154,659	8,402	13,011	12,845	1,647	14,191	19,015
Distributions to other agencies for capital purposes	(722,900)	(576,966)	(637,970)	-	(1,540)	(1,691)	(7,124)	(7,717)	(10,327)
Capital contribution to BAHA/BAIFA	(251,909)	(48,781)	(167,027)	-	(63)	-	-	-	-
Other nonoperating revenues	3,165	651	-	-	-	-	1,517	1,334	-
Total nonoperating revenues/(expenses)	(1,053,798)	(755,598)	(1,072,291)	8,396	11,415	11,156	(3,959)	7,808	8,688
Change in net position before contribution and transfers	(512,257)	(222,900)	(548,545)	2,020	1,398	531	(18,361)	(7,850)	(4,965)
Capital Contribution from BAIFA	81,209	-	-	-	-	-	-	-	-
Transfers	(31,138)	(32,049)	(34,329)	(1,154)	(924)	(253)	19,883	9,328	3,868
Change in net position	(462,186)	(254,949)	(582,874)	866	474	278	1,522	1,478	(1,097)
Net position - Beginning	(5,382,272)	(5,127,323)	(4,544,449)	18,065	17,591	17,313	1,334	(144)	953
Net position - Ending	$ (5,844,458)	$ (5,382,272)	$ (5,127,323)	$ 18,931	$ 18,065	$ 17,591	$ 2,856	$ 1,334	$ (144)

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

BATA's toll revenue increased by $18,532 in fiscal year 2014 after increasing by $27,112 in fiscal year 2013. The total number of paid toll vehicles for all bridges increased by 2.9 percent in fiscal year 2014 and

1.3 percent in fiscal year 2013. During fiscal year 2014, the Bay Bridge was closed for five days to prepare for the new bridge opening on Labor Day 2013. The economy and jobs are improving as the revenues increase for both fiscal years is the result of increased paid traffic from two-axle vehicles and the vehicles that used the carpool lanes. Detailed traffic count is available in the Statistical Section, Table 8.

BATA's other operating revenues, consisting primarily of toll violation payments, increased by $3,300 in fiscal year 2014 compared to a decrease of $934 in fiscal year 2013. The violation revenues increase for fiscal year 2014 was due to increased traffic and a new and more efficient toll collection system while violation revenues for fiscal year 2013 decreased by 5.5 percent because of a cumulative adjustment made to the violation receivable in fiscal year 2012.

BATA's total operating expenses rose by $12,989 or 9.5 percent in fiscal year 2014 and $17,226 or 14.5 percent for fiscal year 2013. The increase in 2014 is due to the increases of the following: operating expenses by Caltrans and Transbay JPA of $1,752, FasTrak® operating costs of $3,039, toll tag purchase of $1,188, bank charges of $1,943, professional fees of $4,271 and DMV fees of $146. The increase in fiscal year 2013 is from the cost of the Dumbarton Bus Enhancement Service of $2,442, increase in the Regional Express Lanes project by $8,770 and increases in depreciation expense and FasTrak® operating costs by $2,017 and $2,805 respectively.

BATA's investment income for fiscal year 2014 decreased by $53,152 compared to an increase of $124,266 in fiscal year 2013. In fiscal year 2014, investment income was comprised of $5,807 of investment income and $5,252 of unrealized loss on hedge termination. In fiscal year 2013, interest income was comprised of $3,021 of investment income and $50,686 of unrealized gain on hedge termination. The $5,252 loss and $50,686 gain on hedge termination in fiscal years 2014 and 2013, respectively, represent a charge and income for the change in the market valuation of certain interest rate swaps that no longer qualified for hedge accounting as discussed in Note 1.Q to the financial statements. The investment income increased in fiscal year 2014 from fiscal year 2013 mainly due to a higher cash balance on hand from bond proceeds on the new bond issuance.

BATA's Build America Bonds interest subsidy is the federal subsidy from the U. S. Government. The decrease of $1,303 in fiscal year 2014 reflects the continued reduction of payments by the U. S. Government. As a result of the federal budget sequestration, the subsidy payments were reduced by 7.2% for fiscal year 2014. The decrease in fiscal year 2013 of $4,497 reflects a lower payment from the U.S. Government due to the required federal sequestration reduction of 8.7%. The first BABs issuance by BATA was in November 2009.

BATA's interest expense increased by $43,493 and decreased by $9,629 for fiscal year 2014 and fiscal year 2013, respectively. The increase in fiscal year 2014 is mainly due to interest expense of $41,503 from the new bond issuance 2013 Series S-4 issued in August 2013. The decrease of $9,629 in fiscal year 2013 is attributed to three areas: the interest expense on bonds decreased by $6,843 due to lower interest rates from the three bond reofferings and one advance refunding, the amortization of bond premium increased by $7,360 from the advance refunding, and the amortization of deferred charge increased by $4,547.

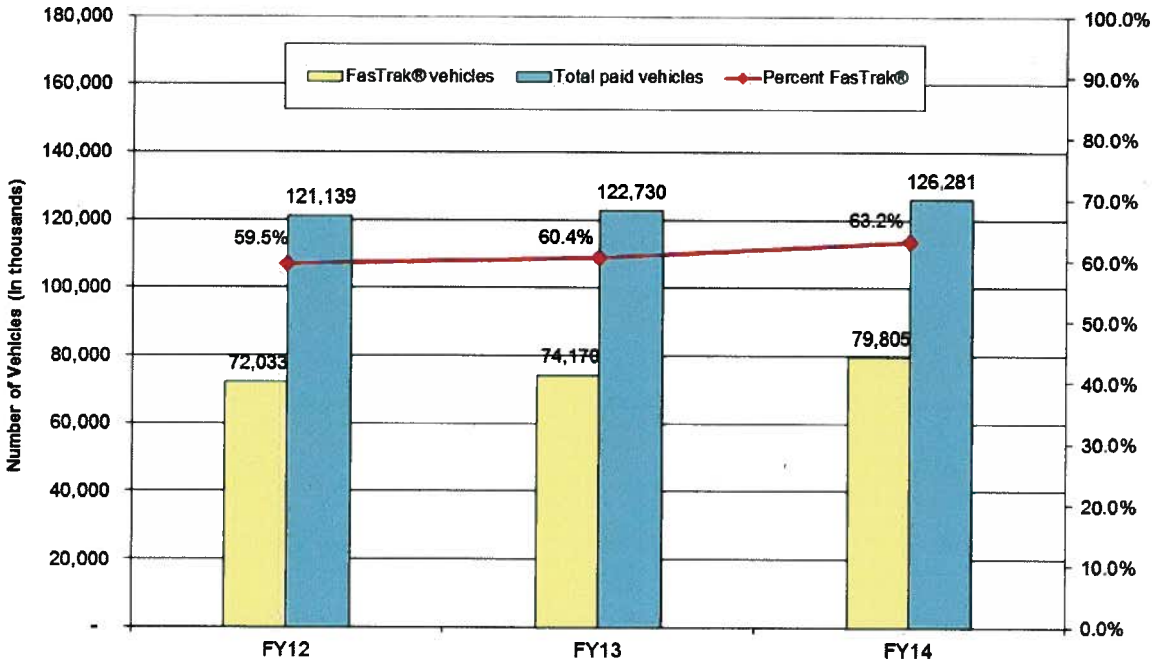
BATA's financing fees and other nonoperating expenses decreased by $9,349 and increased by $8,978 in fiscal year 2014 and fiscal year 2013, respectively. The decrease in fiscal year 2014 is due to lower bond issuance costs of $7,613, and a decrease in financing and remarketing fees of $5,626, offset by $3,897 costs of the FasTrak® Customer Service Center relocation. The increase in fiscal year 2013 is due to the increase

in cost of bond issuance expenses of $15,125 and a reduction of $6,147 in financing and remarketing fees.

BATA's operating grants increased by $136,947 in fiscal year 2014 and increased by $16,372 in fiscal year 2013. The change in both years is mainly due to the different amounts in the schedule of payments from the State of California for the 2006 SPAN issuance resulting in a $135,000 and $15,000 increase in 2014 and 2013, respectively.

Revenues from the FasTrak® electronic toll collection program continue to increase. ETC revenue comprised 63.2 percent of the total paid vehicles in fiscal year 2014 compared to 60.4 percent in the prior fiscal year. The increase was due mainly to new accounts opened for Golden Gate's all Electronic Tolling Program. The graph below illustrates the increase in FasTrak® usage for the last three years.

FasTrak® Usage by Fiscal Year



MTC SAFE's operating revenues (mainly DMV fees) increased by $213 or 3.5 percent in fiscal year 2014 and decreased by $233 or 3.7 percent in fiscal year 2013. All nine counties had an increase in DMV revenues for fiscal year 2014 and all nine counties except for Sonoma had a decrease in DMV revenues for fiscal year 2013.

Operating expenses for MTC SAFE decreased by $3,428 or 21.2 percent in 2014 and decreased by $841 or 4.9 percent in 2013. The decrease in fiscal year 2014 is due to the decreases in professional fees of $2,246, salaries and benefits of $1,172, other miscellaneous expenses of $406, net of an increase in repairs and

maintenance expenses of $213. The decrease in 2013 is primarily due to the decrease in repair and maintenance expenses of $483 and salaries and benefits of $256.

MTC SAFE's interest income decreased by $3 in fiscal year 2014 and increased by $5 in fiscal year 2013. The decrease in fiscal year 2014 is mainly due to lower cash balances from the previous fiscal year and the increase in fiscal year 2013 is due to larger cash balances from fiscal year 2012.

MTC Clipper® operating revenues increased by $922 in fiscal year 2014 and increased by $4,079 in fiscal year 2013. Operating revenues consists of reimbursements provided by transportation operators to offset Clipper® operations. Operating expenditures decreased by $334 in fiscal year 2014 and increased by $6,084 in 2013. The decrease in 2014 was largely due to the decrease in other operating expenses associated with chargeback expenses from Clipper® patrons of $1,500 that was offset by an increase in both professional fees of $1,017 and salaries and benefits of $149. The increase in operating expenditures in fiscal year 2013 was due to a $3,629 increase in professional fees, a $366 increase in salaries and benefits and a $2,088 increase in other operating expenses consisting of chargeback expenses from Clipper® patrons. Nonoperating revenues consist of federal, state and local grants. The decrease in operating grants of $12,544 is largely due to a decrease in federal grants of $12,235 in fiscal year 2014. The decrease in operating grants of $4,824 in fiscal year 2013 is due to a decrease in federal grants of $4,346. The increase in transfers of $10,555 and $5,460 in fiscal years 2014 and 2013 from STA offset the decrease in federal grants.

G. Financial Analysis of Governmental Funds

The fund balance of the MTC governmental funds was $394,820 and $395,600 as of June 30, 2014 and 2013, respectively, as reported under the modified accrual basis of accounting. The fund balance includes nonspendable amounts of $1,209 and $1,032 for prepaid items in fiscal years 2014 and 2013, respectively as well as amounts of $339,672 and $350,870 restricted for transportation and rail projects for fiscal years 2014 and 2013, respectively. The committed amounts of $24,189 and $17,057 for fiscal years 2014 and 2013, respectively, represent amounts designated by the Commission for specific purposes. The unassigned fund balances of $29,750 and $26,641 for fiscal years 2014 and 2013, respectively, represent unassigned funds available for appropriation at the discretion of the MTC Board.

The fund balance of the State Transit Assistance (STA) fund decreased by $14,256 in fiscal year 2014 and increased by $671 in fiscal year 2013. The decrease in fund balance from the prior year is due to a decrease in STA revenues of $5,167 and an increase in transfers out of $12,106 offset by a decrease in expenditures $2,346 in fiscal year 2014. The fund balance for the Rail Reserves fund decreased by $56,124 in fiscal year 2014 and decreased by $21,450 in fiscal year 2013. The decrease in fund balance from the prior year is due to an increase in project expenditures for the BART Warm Springs Extension, one of three large capital projects included in this fund (BART to Warm Springs, e-BART, and the Oakland Airport Connector). The fund balance for the AB 664 fund decreased by $6,647 in fiscal year 2014 and decreased by $3,246 in fiscal year 2013. The decrease in fund balance from the prior year is due to an increase in expenditures for BART capital projects in fiscal year 2014. The fund balance of the Non-Major funds increased by $682 in fiscal year 2014 and increased by $17,672 in fiscal year 2013. In fiscal year 2014, the BART Car Exchange fund was reclassified from non-major to major governmental funds. The remaining non-major funds increase of $682 was due to an increase in the Exchange Fund of $6,404 offset by a decrease of $2,813 and $2,672 in Transit Reserve and Prop 1B funds.

The following table illustrates the revenues and expenditures for the past three fiscal years. Refer to page 27 for the reconciliation of the governmental funds to the Statement of Activities.

	Governmental Funds ($000)		
	2014	2013	2012
Revenues:			
Sales taxes	$ 11,735	$ 11,162	$ 10,504
Grants - Federal	52,831	45,795	50,022
Grants - State	151,915	160,060	145,788
Local agencies revenues and refunds	88,713	41,148	46,022
Investment income	1,935	2,132	2,620
Total revenues	307,129	260,297	254,956
Expenditures:			
Current:			
General government	70,387	65,175	70,376
Allocations to other agencies	249,435	221,641	138,105
Capital outlay	496	373	170
Total expenditures	320,318	287,189	208,651
Other financing sources (uses)	12,409	23,645	30,714
Net change in fund balance	(780)	(3,247)	77,019
Fund balance - beginning	395,600	398,847	321,828
Fund balance - ending	$ 394,820	$ 395,600	$ 398,847

Total revenues increased by $46,832 or 18.0 percent in fiscal year 2014 and increased by $5,341 or 2.1 percent in fiscal year 2013. The increase in revenues for fiscal year 2014 is mainly due to the increase in BART Car Exchange revenues of $48,161 offset by decrease in Rail Reserves of $3,448 associated with the final payment received on the BART Loan. MTC's sales tax revenues increased by $573 or 5.1 percent in fiscal year 2014, compared to an increase of $658 or 6.3 percent in fiscal year 2013. Overall, governmental fund expenditures increased by $33,129 in fiscal year 2014 and increased by $78,538 in fiscal year 2013. General government expenditures increased by $5,212 in fiscal year 2014 and decreased by $5,201 in fiscal year 2013. Allocations to other agencies increased by $27,794 or 12.5 percent for fiscal year 2014 compared to an increase of $83,536 or 60.5 percent for fiscal year 2013. The increase in allocation expenditures in fiscal year 2014 is due to increases in expenditures to Rail of $31,260, Transit of $6,959, and Non-major of $1,611 and decreases in expenditures to AB 664 of $585, STA of $2,346, and BART Car Exchange of $15,500. The increase in fiscal year 2013 is due to increases in allocations of $9,772 in AB 664, $33,660 in STA, $30,521 in Rail Reserves, $12,693 in Non-Major and a decrease of $3,110 in General.

The capital outlay expenditures increased by $123 in fiscal year 2014 and $203 in fiscal year 2013. The increase in fiscal year 2014 is mainly due to a phone system upgrade of $362 and a computer hardware purchase of $134. The increase in fiscal year 2013 is associated with the Urban Partnership project.

Other financing sources (uses) decreased by $11,236 in fiscal year 2014 and decreased by $7,069 in fiscal year 2013.

The change in net position presented in the Statement of Activities for governmental activities decreased by $264 in fiscal year 2014 and decreased by $3,732 in fiscal year 2013. Net position for governmental funds was $406,197 and $406,460 for fiscal years 2014 and 2013, respectively. Program revenues increased by $50,725 or 20.2 percent in fiscal year 2014, and increased by $5,357 or 2.2 percent in fiscal year 2013. The increase in fiscal year 2014 was due to the increase of $48,161 in BART Car Exchange revenue. The increase in fiscal year 2013 was due to the increase in STA revenues of $14,272, but was offset by a decrease of $8,834 in general government revenues.

H. General Fund Budget

The MTC general fund budget for fiscal year 2014 was amended from the adopted budget by $15.8 million in decreased revenues, $10.2 million in increased transfers in and $5.6 million in decreased expenditures. The decrease in revenues and increase in transfers in reflects a $10 million reclassification of a local grant from revenues to transfers in. The $6 million decrease in expenditures is an adjustment to the estimated federal grants. The actual revenues-to-expenditures balance for fiscal year 2014 reflects a surplus of $3,287. The positive surplus budget variance of $5,448 is due to several differences in revenues and expenditures, including an underestimate in local revenues by $1 million. The expenditures variance includes $1.4 million salaries and benefit savings due to vacancies, and $2.6 million budgeted for contracts that were not spent.

The deficit in both budget versions reflects encumbrances carried over from the prior fiscal year and were covered by the prior year's general fund balance.

The following provides a condensed view of the final budgeted results compared to actual results for the year ended June 30, 2014.

	General Fund ($000)			
	Adopted Budget	Final Budget	Actual	Variance
Revenues	$ 128,704	$ 112,909	$ 67,954	$ (44,955)
Expenditures	146,482	140,837	75,128	(65,709)
Excess/(Deficiency)	(17,778)	(27,928)	(7,174)	20,754
Transfers in	15,590	25,767	10,461	(15,306)
Net change in fund balance	(2,188)	(2,161)	3,287	5,448
Fund balance - beginning	30,888	30,888	30,888	-
Fund balance - ending	$ 28,700	$ 28,727	$ 34,175	$ 5,448

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

I. Capital Asset Administration

MTC's investment in capital assets for all funds, governmental and proprietary, is $32,852 for fiscal year 2014 and $29,382 for fiscal year 2013 as reported under the accrual basis of accounting. Most of the increases of $3,470 in fiscal year 2014 and $3,289 in fiscal year 2013 are from the capitalized purchase of the new bridge toll collection system with the remaining bridge, Bay Bridge, being converted onto the new system in September 2013. Additional information on MTC's capital assets is disclosed in Note 4 of the financial statements. Assets relating to the seven state-owned bridges administered by BATA are recognized by Caltrans.

J. Long-Term Debt Administration

During fiscal year 2014, BATA completed a $900 million new money bond issuance. All BATA's swaps that were effective in fiscal year 2013 were also effective in fiscal year 2014. The fair value of the ineffective swaps decreased by $5,252 in fiscal year 2014 as compared to an increase of $50,686 in fiscal year 2013. BATA's interest expense on the $3,275 billion of federally taxable Build America Bonds was $218,747 and the federal subsidy was $70,762 for a net of $147,985.

Component Unit – BAIFA In December 2006, BATA entered into a contribution agreement with BAIFA. Under the contribution agreement, BATA pledged and assigned its rights to future scheduled payments of $1,135,000 from the State of California to BAIFA. Annual payments to BAIFA represent a part of the State's share of the Seismic Retrofit and Replacement Program. BAIFA issued State Payment Acceleration Notes (SPANs) of $972,320 secured solely by the State's payments. BAIFA deposited a portion of the bond proceeds of $887,991 in the project fund for reimbursement to BATA for the seismic project expenses in return for the pledged revenues. The remaining note proceeds were deposited into the Pledged Revenue Fund, Reserve Fund or payment for the cost of issuance. BAIFA has already reimbursed BATA for the costs of seismic retrofit projects. BAIFA has received all of the $1,135,000 revenue scheduled to be paid by 2014 to BATA. The remaining SPANs were defeased in fiscal year 2014. Refer to Note 1.N.

Additional information on MTC's long-term debt can be found in Note 5 to the presented financial statements.

K. Economic Factors Impacting MTC

The Bay Area economy is recovering. Unemployment and the number of home foreclosures have decreased from the prior year and sales taxes have increased. These impacts include:

- Sales tax revenues increased for the fourth straight fiscal year, increasing by 5.1 percent and 6.3 percent for fiscal years 2014 and 2013 respectively, after declining from fiscal years 2008 to 2010. Sales tax revenues for fiscal year 2015 are also projected to be slightly higher than fiscal year 2014.
- Unemployment in the Bay Area has decreased from last fiscal year and is at 5.3 percent as of June 2014.
- Building construction and permitting activity is up, and demand for consumer goods is up.

Requests for information

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

Metropolitan Transportation Commission
Statement of Net Position
June 30, 2014

	Primary Government				
	Governmental Activities	Business-Type Activities	Total	BAIFA	BAHA
ASSETS					
Cash - unrestricted	$ 166,267,860	$ 574,633,276	$ 740,901,136	$ -	$ -
Cash - restricted	12,766,477	109,211,888	121,978,365	-	13,080,263
Investments - unrestricted	482,143,967	478,003,881	960,147,848	-	-
Investments - restricted	198,535,549	1,564,623,327	1,763,158,876	-	106,379,727
Derivative instruments - asset	-	5,662,835	5,662,835	-	-
Receivables:					
Accounts receivable	2,438,284	12,828,691	15,266,975	-	122,600
Due from Metropolitan Transportation Commission	-	-	-	-	400,000
Interest	226,041	22,361,778	22,587,819	-	16,854
State/ Caltrans funding	40,240,806	2,840,813	43,081,619	-	-
Funding due from Federal	21,049,894	1,366,242	22,416,136	-	-
Prepaid items	1,223,792	654,093	1,877,885	-	101,661
Bond prepaid insurance	-	105,281	105,281	-	-
Net OPEB asset	7,384,385	-	7,384,385	-	-
Land	-	-	-	-	33,933,809
Capital assets not being depreciated	-	7,446,451	7,446,451	-	94,670,510
Capital assets net of accumulated depreciation	5,818,836	19,586,394	25,405,230	-	3,277,246
TOTAL ASSETS	938,095,891	2,799,324,950	3,737,420,841	-	251,982,670
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows on derivative instruments	-	281,986,770	281,986,770	-	-
Deferred amount of refunding	-	168,497,610	168,497,610	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	450,484,380	450,484,380	-	-
LIABILITIES					
Accounts payable and accrued liabilities	100,554,042	142,615,857	243,169,899	-	8,759,928
Security trade payable	10,000,000	27,000,000	37,000,000	-	-
Accrued interest payable	-	107,807,557	107,807,557	-	-
Unearned revenue	765,771	67,275,789	68,041,560	-	-
Due to Caltrans	-	33,871,873	33,871,873	-	-
Noncurrent liabilities:					
Long term debt					
Due within one year	-	48,195,000	48,195,000	-	-
Due in more than one year	-	8,662,910,575	8,662,910,575	-	-
Due to / (from) other funds					
Due within one year	(3,184,379)	3,184,379	-	-	-
Due to BAHA					
Due within one year	400,000	-	400,000	-	-
Other noncurrent liabilities					
Derivative instruments - liability	-	365,154,148	365,154,148	-	-
Due within one year	1,761,858	-	1,761,858	-	400,000
Due in more than one year	2,340,098	7,827,644	10,167,742	-	-
TOTAL LIABILITIES	112,637,390	9,465,842,822	9,578,480,212	-	9,159,928
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows on derivative instruments	-	5,662,835	5,662,835	-	-
Deferred revenues from swap amendment	-	20,236,319	20,236,319	-	-
Deferred revenues/Deferred charge	419,261,926	(419,261,926)	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	419,261,926	(393,362,772)	25,899,154	-	-
NET POSITION					
Net investment in capital assets	5,736,829	27,032,845	32,769,674	-	131,881,565
Restricted for:					
Capital projects	361,332,909	-	361,332,909	-	110,941,177
Operations & Maintenance, under debt covenant	-	150,000,000	150,000,000	-	-
Extraordinary loss reserve, under Caltrans Coop	-	50,000,000	50,000,000	-	-
Net OPEB asset	7,384,385	-	7,384,385	-	-
STA reserve	528,260	-	528,260	-	-
Other purposes	3,209,369	-	3,209,369	-	-
Unrestricted	28,004,823	(6,049,703,565)	(6,021,698,742)	-	-
TOTAL NET POSITION	$ 406,196,575	$ (5,822,670,720)	$ (5,416,474,145)	$ -	$ 242,822,742

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

Metropolitan Transportation Commission
Statement of Net Position
June 30, 2013

	Primary Government				
	Governmental Activities	Business-Type Activities	Total	BAIFA	BAHA
ASSETS					
Cash - unrestricted	$ 266,379,666	$ 413,189,196	$ 679,568,862	$ -	$ -
Cash - restricted	100,968	81,839,440	81,940,408	8,415,210	6,317,213
Investments - unrestricted	460,724,320	342,217,485	802,941,805	-	-
Investments - restricted	125,394,717	1,423,823,350	1,549,218,067	119,414,531	108,379,480
Derivative instruments - asset	-	12,619,827	12,619,827	-	-
Receivables:					
Accounts receivable	7,278,583	13,603,018	20,881,601	-	129,743
Due from Bay Area Toll Authority	-	-	-	78,070,212	-
Interest	317,068	22,632,893	22,949,961	3,710	10,128
State/ Caltrans funding	49,864,122	3,728,880	53,593,002	-	-
Funding due from Federal	17,561,410	7,026,932	24,588,342	-	-
Prepaid items	1,035,329	540,069	1,575,398	-	253,225
Bond prepaid insurance	-	111,567	111,567	990,984	-
Loan to other agency	5,000,000	-	5,000,000	-	-
Net OPEB asset	7,384,385	-	7,384,385	-	-
Land	-	-	-	-	33,933,809
Capital assets not being depreciated	109,578	2,051,610	2,161,188	-	63,950,608
Capital assets net of accumulated depreciation	6,160,749	21,060,216	27,220,965	-	3,358,186
TOTAL ASSETS	947,310,895	2,344,444,483	3,291,755,378	206,894,647	216,332,392
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows on derivative instruments	-	267,200,597	267,200,597	-	-
Deferred amount of refunding	-	177,673,721	177,673,721	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	444,874,318	444,874,318	-	-
LIABILITIES					
Accounts payable and accrued liabilities	79,331,184	67,594,937	146,926,121	-	1,546,024
Security trade payable	11,100,000	-	11,100,000	-	-
Accrued interest payable	-	96,686,869	96,686,869	6,769,792	-
Unearned revenue	590,861	61,862,005	62,452,866	-	-
Due to Caltrans	-	31,402,112	31,402,112	-	-
Noncurrent liabilities:					
Long term debt					
Due within one year	-	46,165,000	46,165,000	-	-
Due in more than one year	-	7,830,910,576	7,830,910,576	347,895,661	-
Due to / (from) other funds					
Due within one year	5,940,735	(5,940,735)	-	-	-
Due to BAIFA					
Due within one year	-	78,070,212	78,070,212	-	-
Other noncurrent liabilities					
Derivative instruments - liability	-	345,115,507	345,115,507	-	-
Due within one year	1,695,185	-	1,695,185	-	-
Due in more than one year	2,298,587	6,848,372	9,146,959	-	-
TOTAL LIABILITIES	100,956,552	8,558,714,855	8,659,671,407	354,665,453	1,546,024
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows on derivative instruments	-	12,619,827	12,619,827	-	-
Deferred revenue from swap amendment	-	20,751,666	20,751,666	-	-
Deferred revenues/Deferred charge	439,894,538	(439,894,538)	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	439,894,538	(406,523,045)	33,371,493	-	-
NET POSITION					
Net investment in capital assets	6,133,632	23,111,826	29,245,458	-	101,242,603
Restricted for:					
Capital projects	365,445,733	-	365,445,733	-	113,543,765
Operations & Maintenance, under debt covenant	-	150,000,000	150,000,000	-	-
Extraordinary loss reserve, under Caltrans Coop	-	50,000,000	50,000,000	-	-
Net OPEB asset	7,384,385	-	7,384,385	-	-
STA Reserve	1,254,051	-	1,254,051	-	-
Other purposes	2,259,385	-	2,259,385	-	-
Unrestricted	23,982,619	(5,585,984,835)	(5,562,002,216)	(147,770,806)	-
TOTAL NET POSITION	$ 406,459,805	$ (5,362,873,009)	$ (4,956,413,204)	$(147,770,806)	$214,786,368

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

Metropolitan Transportation Commission
Statement of Activities
For the Year Ended June 30, 2014

Functions:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Program Revenues: Total Program Revenues	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	BAIFA	BAHA
Primary Government:										
Governmental Activities:										
General Government	$ 78,763,519	$ -	$ 149,338,814	$ -	$ 149,338,814	$ 70,575,295	$ -	70,575,295	$ -	$ -
Transportation	237,097,812	-	151,915,573	-	151,915,573	(85,182,239)	-	(85,182,239)	-	-
Total Governmental Activities	315,861,331	-	301,254,387	-	301,254,387	(14,606,944)	-	(14,606,944)	-	-
Business-type Activities										
MTC Clipper® smart card	37,392,814	15,867,004	3,164,072	-	19,031,076	-	(18,361,738)	(18,361,738)	-	-
Toll bridge activities	1,585,640,837	690,923,664	381,905,074	81,209,050	1,154,037,788	-	(431,603,049)	(431,603,049)	-	-
Congestion relief	12,742,160	6,356,042	8,402,003	-	14,758,045	-	2,015,885	2,015,885	-	-
Total Business-Type Activities	1,635,775,811	713,146,710	393,471,149	81,209,050	1,187,826,909	-	(447,948,902)	(447,948,902)	-	-
Total Primary Government	$ 1,951,637,142	$ 713,146,710	$ 694,725,536	$ 81,209,050	$ 1,489,081,296	(14,606,944)	(447,948,902)	(462,555,846)	-	-
Component Units:										
BAIFA	81,773,865	-	229,544,671	-	229,544,671				$ 147,770,806	$ -
BAHA	3,549,522	1,477,082	-	30,000,000	31,477,082				-	27,927,560
Total Component Units	$ 85,323,387	$ 1,477,082	$ 229,544,671	$ 30,000,000	$ 261,021,753				$ 147,770,806	$ 27,927,560
General Revenues:										
Restricted investment earnings						284,620	-	284,620	-	108,814
Unrestricted investment earnings						1,650,381	559,904	2,210,285	-	-
Transfers						12,408,713	(12,408,713)	-	-	-
Total General Revenues and Transfers						14,343,714	(11,848,809)	2,494,905	-	108,814
Change in Net Position						(263,230)	(459,797,711)	(460,060,941)	147,770,806	28,036,374
Net Position - Beginning						406,459,805	(5,362,873,009)	(4,956,413,204)	(147,770,806)	214,786,368
Net Position - Ending						$ 406,196,575	$ (5,822,670,720)	$ (5,416,474,145)	$ -	$ 242,822,742

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

Metropolitan Transportation Commission
Statement of Activities
For the Year Ended June 30, 2013

Functions:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Program Revenues: Total Program Revenues	Net (Expenses) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	BAIFA	BAHA
Primary Government:										
Governmental Activities:										
General Government	$ 69,122,603	$ -	$ 90,468,180	$ -	$ 90,468,180	$ 21,345,577	$ -	21,345,577	$ -	$ -
Transportation	210,915,679	-	160,060,327	-	160,060,327	(50,855,352)	-	(50,855,352)	-	-
Total Governmental Activities	280,038,282	-	250,528,507	-	250,528,507	(29,509,775)	-	(29,509,775)	-	-
Business-type Activities										
MTC Clipper® smart card	38,319,247	14,945,020	15,523,984	-	30,469,004	-	(7,850,243)	(7,850,243)	-	-
Toll bridge activities	1,189,447,185	669,092,477	243,746,733	-	912,839,210	-	(276,607,975)	(276,607,975)	-	-
Congestion relief	17,762,774	6,143,217	13,010,449	-	19,153,666	-	1,390,892	1,390,892	-	-
Total Business-Type Activities	1,245,529,206	690,180,714	272,281,166	-	962,461,880	-	(283,067,326)	(283,067,326)	-	-
Total Primary Government	$ 1,525,567,488	$ 690,180,714	$ 522,809,673	$ -	$ 1,212,990,387	(29,509,775)	(283,067,326)	(312,577,101)	-	-
Component Units:										
BAIFA	13,760,544	-	175,832	-	175,832				$ (13,584,712)	$ -
BAHA	2,478,663	1,053,297	-	49,399,918	50,453,215				-	47,974,552
Total Component Units	$ 16,239,207	$ 1,053,297	$ 175,832	$ 49,399,918	$ 50,629,047				$ (13,584,712)	$ 47,974,552
General Revenues:										
Restricted investment earnings						144,217	-	144,217	-	312
Unrestricted investment earnings						1,987,626	53,714,294	55,701,920	-	71,270
Transfers						23,645,447	(23,645,447)	-	-	-
Total General Revenues and Transfers						25,777,290	30,068,847	55,846,137	-	71,582
Change in Net Position						(3,732,485)	(252,998,479)	(256,730,964)	(13,584,712)	48,046,134
Net Position - Beginning						410,192,290	(5,109,874,530)	(4,699,682,240)	(134,186,094)	166,740,234
Net Position - Ending						$ 406,459,805	$ (5,362,873,009)	$ (4,956,413,204)	$ (147,770,806)	$ 214,786,368

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

Metropolitan Transportation Commission
Balance Sheet - Governmental Funds
June 30, 2014

	General	AB 664 Net Toll Revenue Reserve	STA	Rail Reserves	BART Car Exchange	Non-Major Governmental Funds	Total Governmental Fund
ASSETS							
Cash - unrestricted	$ 26,022,962	$ 6,732,377	$ 47,401,771	$ 36,954,589	$ -	$ 49,156,161	$ 166,267,860
Cash - restricted	-	-	-	-	12,766,477	-	12,766,477
Investment - unrestricted	216,377	238,769,400	-	205,174,713	-	37,983,477	482,143,967
Investment - restricted	-	-	-	-	198,535,549	-	198,535,549
Receivables							
Accounts	741,561	-	1,696,723	-	-	-	2,438,284
Interest	119	85,315	35,000	55,150	47,533	2,924	226,041
State/ Caltrans funding	841,449	-	39,399,357	-	-	-	40,240,806
Federal funding	21,049,894	-	-	-	-	-	21,049,894
Due from other funds	1,930,941	-	5,511,992	-	-	499,769	7,942,702
Prepaid items	1,223,792	-	-	-	-	-	1,223,792
TOTAL ASSETS	$ 52,027,095	$ 245,587,092	$ 94,044,843	$ 242,184,452	$ 211,349,559	$ 87,642,331	$ 932,835,372
LIABILITIES							
Accounts payable and accrued expenditures	$ 12,366,380	$ 10,545,700	$ 34,336,345	$ 32,904,338	$ -	$ 7,826,101	$ 97,978,864
Unearned revenue	3,040,934	-	-	-	-	-	3,040,934
Retention payable	76,688	-	-	2,898,490	-	-	2,975,178
Security trade payable	-	-	-	-	10,000,000	-	10,000,000
Due to other funds	2,367,970	-	2,379,813	-	-	10,540	4,758,323
TOTAL LIABILITIES	17,851,972	10,545,700	36,716,158	35,802,828	10,000,000	7,836,641	118,753,299
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	-	205,208,113	-	165,415,960	-	48,637,853	419,261,926
TOTAL DEFERRED INFLOWS OF RESOURCES	-	205,208,113	-	165,415,960	-	48,637,853	419,261,926
FUND BALANCES							
Nonspendable							
Prepaid items	1,208,855	-	-	-	-	-	1,208,855
Restricted for:							
Transportation projects	528,260	29,833,279	57,328,685	-	-	9,667,323	97,357,547
Rail projects	-	-	-	40,965,664	201,349,559	-	242,315,223
Committed to:							
Benefits reserve	1,500,745	-	-	-	-	-	1,500,745
Building reserve	-	-	-	-	-	499,769	499,769
Transportation projects	1,187,654	-	-	-	-	21,000,745	22,188,399
Unassigned:							
Unassigned	29,749,609	-	-	-	-	-	29,749,609
TOTAL FUND BALANCES	34,175,123	29,833,279	57,328,685	40,965,664	201,349,559	31,167,837	394,820,147
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 52,027,095	$ 245,587,092	$ 94,044,843	$ 242,184,452	$ 211,349,559	$ 87,642,331	$ 932,835,372

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

Metropolitan Transportation Commission
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2014

Governmental fund balance	$ 394,820,147
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	5,818,836
Other Post Employment Benefit (OPEB) assets are not current financial resources and, therefore, are not reported in the funds	7,384,385
Unearned revenue is reported as revenue on Statement of Activities	2,275,163
Capital leases are not due and payable in the current period and, therefore, are not reported in the funds	(82,007)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds	(4,019,949)
Net position of governmental activities	$ 406,196,575

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

Metropolitan Transportation Commission
Balance Sheet - Governmental Funds
June 30, 2013

	General	AB 664 Net Toll Revenue Reserve	STA	Rail Reserves	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash - unrestricted	$ 23,881,920	$ 61,587,580	$ 56,636,274	$ 70,748,570	$ 53,525,322	$ 266,379,666
Cash - restricted	-	-	-	-	100,968	100,968
Investment - unrestricted	215,839	195,063,058	-	241,450,344	23,995,079	460,724,320
Investment - restricted	-	-	-	-	125,394,717	125,394,717
Receivables						
Accounts	314,523	-	-	5,000,000	6,964,060	12,278,583
Interest	131	38,264	28,238	117,674	132,761	317,068
State/ Caltrans funding	3,561,516	-	46,302,606	-	-	49,864,122
Federal funding	16,751,345	-	-	-	810,065	17,561,410
Due from other funds	3,072,174	-	1,703,153	-	848,084	5,623,411
Prepaid items	1,032,579	-	-	-	2,750	1,035,329
TOTAL ASSETS	$ 48,830,027	$ 256,688,902	$ 104,670,271	$ 317,316,588	$ 211,773,806	$ 939,279,594
LIABILITIES						
Accounts payable and accrued expenditures	$ 12,958,564	$ 4,924,148	$ 29,746,706	$ 30,529,883	$ 1,171,883	$ 79,331,184
Unearned revenue	1,789,776	-	-	-	-	1,789,776
Security trade payable	-	-	-	11,100,000	-	11,100,000
Due to other funds	3,193,445	-	3,339,098	5,000,000	31,603	11,564,146
TOTAL LIABILITIES	17,941,785	4,924,148	33,085,804	46,629,883	1,203,486	103,785,106
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue	-	215,284,280	-	173,597,227	51,013,031	439,894,538
TOTAL DEFERRED INFLOWS OF RESOURCES	-	215,284,280	-	173,597,227	51,013,031	439,894,538
FUND BALANCES						
Nonspendable						
Prepaid items	1,032,579	-	-	-	-	1,032,579
Restricted for:						
Transportation projects	1,254,051	36,480,474	71,584,467	-	15,389,251	124,708,243
Rail projects	-	-	-	97,089,478	129,071,794	226,161,272
Committed to:						
Benefits reserve	727,038	-	-	-	-	727,038
Building reserve	-	-	-	-	499,769	499,769
Transportation projects	1,233,794	-	-	-	14,596,475	15,830,269
Unassigned:						
Unrestricted/Unassigned	26,640,780	-	-	-	-	26,640,780
TOTAL FUND BALANCES	30,888,242	36,480,474	71,584,467	97,089,478	159,557,289	395,599,950
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 48,830,027	$ 256,688,902	$ 104,670,271	$ 317,316,588	$ 211,773,806	$ 939,279,594

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

Metropolitan Transportation Commission
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2013

Governmental fund balance	$ 395,599,950
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	6,270,327
Other Post Employment Benefit (OPEB) assets are not current financial resources and, therefore, are not reported in the funds	7,384,385
Unearned revenue is reported as revenue on Statement of Activities	1,198,915
Capital leases are not due and payable in the current period and, therefore, are not reported in the funds	(136,695)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds	(3,857,077)
Net position of governmental activities	$ 406,459,805

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, 2014

	General	AB 664 Net Toll Revenue Reserve	STA	Rail Reserves	BART Car Exchange	Non-Major Governmental Funds	Total Governmental Funds
REVENUES							
Sales tax	$ 11,734,631	$ -	$ -	$ -	$ -	$ -	$ 11,734,631
Grants - Federal	52,831,376	-	-	-	-	-	52,831,376
Grants - State	360,055	-	148,407,894	-	-	3,147,625	151,915,574
Local agencies revenues and refunds	3,012,908	-	2,490,059	5,000,000	72,000,000	6,209,613	88,712,580
Investment income (charge) - unrestricted	14,890	335,284	339,313	532,506	-	428,388	1,650,381
Investment income - restricted	-	-	-	-	284,620	-	284,620
TOTAL REVENUES	67,953,860	335,284	151,237,266	5,532,506	72,284,620	9,785,626	307,129,162
EXPENDITURES							
Current:							
General government	62,295,316	23,986	-	5,029,481	6,855	3,031,521	70,387,159
Allocations to other agencies	12,336,592	17,034,660	147,161,104	64,658,106	-	8,243,942	249,434,404
Capital outlay	496,115	-	-	-	-	-	496,115
TOTAL EXPENDITURES	75,128,023	17,058,646	147,161,104	69,687,587	6,855	11,275,463	320,317,678
EXCESS/(DEFICIENCY) OF REVENUES OVER/(UNDER) EXPENDITURES	(7,174,163)	(16,723,362)	4,076,162	(64,155,081)	72,277,765	(1,489,837)	(13,188,516)
OTHER FINANCING SOURCES (USES)							
Transfers in	10,461,044	10,076,167	-	8,181,267	-	2,530,991	31,249,469
Transfers out	-	-	(18,331,944)	(150,000)	-	(358,812)	(18,840,756)
TOTAL OTHER FINANCING SOURCES (USES)	10,461,044	10,076,167	(18,331,944)	8,031,267	-	2,172,179	12,408,713
NET CHANGE IN FUND BALANCES	3,286,881	(6,647,195)	(14,255,782)	(56,123,814)	72,277,765	682,342	(779,803)
Fund balances - beginning	30,888,242	36,480,474	71,584,467	97,089,478	129,071,794	30,485,495	395,599,950
Fund balances - ending	$ 34,175,123	$ 29,833,279	$ 57,328,685	$ 40,965,664	$ 201,349,559	$ 31,167,837	$ 394,820,147

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, 2013

	General	AB 664 Net Toll Revenue Reserve	STA	Rail Reserves	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
Sales tax	$ 11,161,663	$ -	$ -	$ -	$ -	$ 11,161,663
Grants - Federal	44,542,352	-	-	-	1,252,999	45,795,351
Grants - State	831,410	-	156,112,456	-	3,116,461	160,060,327
Local agencies revenues and refunds	2,783,630	-	356,023	8,000,000	30,007,960	41,147,613
Investment income (charge) - unrestricted	22,359	393,543	(64,173)	980,616	655,281	1,987,626
Investment income - restricted	-	-	-	-	144,217	144,217
TOTAL REVENUES	59,341,414	393,543	156,404,306	8,980,616	35,176,918	260,296,797
EXPENDITURES						
Current:						
General government	53,988,135	25,662	-	8,035,187	3,126,278	65,175,262
Allocations to other agencies	10,725,976	14,101,596	149,507,138	30,521,091	16,785,854	221,641,655
Capital outlay	148,699	-	-	-	223,882	372,581
TOTAL EXPENDITURES	64,862,810	14,127,258	149,507,138	38,556,278	20,136,014	287,189,498
EXCESS/(DEFICIENCY) OF REVENUES OVER/(UNDER) EXPENDITURES	(5,521,396)	(13,733,715)	6,897,168	(29,575,662)	15,040,904	(26,892,701)
OTHER FINANCING SOURCES (USES)						
Transfers in	8,771,320	10,487,622	-	8,515,346	2,891,840	30,666,128
Transfers out	(143,778)	-	(6,226,392)	(390,000)	(260,511)	(7,020,681)
TOTAL OTHER FINANCING SOURCES (USES)	8,627,542	10,487,622	(6,226,392)	8,125,346	2,631,329	23,645,447
NET CHANGE IN FUND BALANCES	3,106,146	(3,246,093)	670,776	(21,450,316)	17,672,233	(3,247,254)
Fund balances - beginning	27,782,096	39,726,567	70,913,691	118,539,794	141,885,056	398,847,204
Fund balances - ending	$ 30,888,242	$ 36,480,474	$ 71,584,467	$ 97,089,478	$ 159,557,289	$ 395,599,950

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

Metropolitan Transportation Commission

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Years Ended June 30, 2014 and 2013

	2014	2013
Net change in fund balances - total governmental funds (per Statement of Revenues, Expenditures and Changes in Fund Balances)	$ (779,803)	$ (3,247,254)
Governmental funds reported capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation expense exceeds (does not exceed) non capital lease capital outlays in the current period. See Note 1.M.	(435,468)	(630,555)
Loss on disposal of capital assets is reported in the statement of activities. Therefore, the change in net assets differs from the change in fund balance by the loss on the capital asset disposal.	(16,023)	-
Repayment of the principal of the long-term receivable from BART is not recorded as a long-term asset in the governmental funds. Repayments received from the agency were recorded as income in the governmental fund but were capitalized as a long-term asset in the Statement of Net Position.	(5,000,000)	(8,000,000)
Repayment of Intra-equity loan between MTC and BATA as discussed above.	5,000,000	8,000,000
Principal repayment on capital leases is not an expenditure in the governmental funds; however, the principal element of the repayment reduces long-term liabilities in the Statement of Net Position. The amount is the effect of the differing treatment of capital lease principal repayment.	54,688	52,180
Governmental funds report over absorption of applied overhead as unearned revenue; however in the Statement of Activities, the overabsorption is reported as revenue.	1,076,248	363,553
Some items do not require the use of current financial resources and, therefore, are not reported in the governmental funds:		
Compensated absences	(162,872)	(270,409)
Change in net position of governmental activities (per Statement of Activities)	$ (263,230)	$ (3,732,485)

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

Metropolitan Transportation Commission
Statement of Net Position - Proprietary Funds
June 30, 2014

	Business-Type Activities -Enterprise Funds			
	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total Enterprise Funds
ASSETS				
Current assets:				
Cash - unrestricted	$ 8,899,311	$ 553,253,319	$ 12,480,646	$ 574,633,276
Cash - restricted	-	95,315,021	-	95,315,021
Short term investments - unrestricted	-	477,897,122	106,759	478,003,881
Short term investments - restricted	-	95,275,986	-	95,275,986
Due from other funds	2,850,274	-	1,349,047	4,199,321
Accounts receivable	2,966,913	9,861,778	-	12,828,691
Accrued interest	-	22,361,719	59	22,361,778
Prepaid expenses	25,465	517,669	110,959	654,093
State/ Caltrans funding	39,093	488,368	2,313,352	2,840,813
Federal funding	843,529	-	522,713	1,366,242
Total current assets	15,624,585	1,254,970,982	16,883,535	1,287,479,102
Non-current assets:				
Cash - restricted	-	13,896,867	-	13,896,867
Investments - restricted	-	1,469,347,341	-	1,469,347,341
Derivative instruments - assets	-	5,662,835	-	5,662,835
Bond prepaid insurance	-	105,281	-	105,281
Capital assets, net of accumulated depreciation/ amortization	-	23,785,175	3,247,670	27,032,845
Total non-current assets	-	1,512,797,499	3,247,670	1,516,045,169
TOTAL ASSETS	15,624,585	2,767,768,481	20,131,205	2,803,524,271
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows on derivative instruments	-	281,986,770	-	281,986,770
Deferred charge	-	587,759,536	-	587,759,536
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	869,746,306	-	869,746,306
LIABILITIES				
Current liabilities:				
Accounts payable	6,822,151	133,412,385	1,126,605	141,361,141
Accrued interest payable	-	107,807,557	-	107,807,557
Security trade payable	-	27,000,000	-	27,000,000
Due to other funds	5,935,661	1,374,655	73,384	7,383,700
Unearned revenue	-	67,275,789	-	67,275,789
Retention payable	10,288	1,244,428	-	1,254,716
Long term debt - current	-	48,195,000	-	48,195,000
Due to Caltrans	-	33,871,873	-	33,871,873
Total current liabilities	12,768,100	420,181,687	1,199,989	434,149,776
Non-current liabilities:				
Unearned revenue/ Patron deposits	-	7,827,644	-	7,827,644
Long term debt, net	-	8,662,910,575	-	8,662,910,575
Derivative instruments - liability	-	365,154,148	-	365,154,148
Total non-current liabilities	-	9,035,892,367	-	9,035,892,367
TOTAL LIABILITIES	12,768,100	9,456,074,054	1,199,989	9,470,042,143
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows on derivative instruments	-	5,662,835	-	5,662,835
Deferred revenue from swap amendment	-	20,236,319	-	20,236,319
TOTAL DEFERRED INFLOWS OF RESOURCES	-	25,899,154	-	25,899,154
NET POSITION				
Net investment in capital assets	-	23,785,175	3,247,670	27,032,845
Restricted for:				
Operations & Maintenance, under debt covenant	-	150,000,000	-	150,000,000
Extraordinary loss reserve, under Caltrans Coop	-	50,000,000	-	50,000,000
Unrestricted	2,856,485	(6,068,243,596)	15,683,546	(6,049,703,565)
TOTAL NET POSITION	$ 2,856,485	$ (5,844,458,421)	$ 18,931,216	$ (5,822,670,720)

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

Metropolitan Transportation Commission
Statement of Net Position - Proprietary Funds
June 30, 2013

	Business-Type Activities -Enterprise Funds			
	MTC-Clipper	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total Enterprise Funds
ASSETS				
Current assets:				
Cash - unrestricted	$ 836,732	$ 402,310,789	$ 10,041,675	$ 413,189,196
Cash - restricted	-	71,808,690	-	71,808,690
Short term investments - unrestricted	-	342,110,992	106,493	342,217,485
Due from other funds	4,479,122	5,000,000	1,421,025	10,900,147
Accounts receivable	4,658,385	8,702,412	242,221	13,603,018
Accrued interest	-	22,632,828	65	22,632,893
Prepaid expenses	-	472,232	67,837	540,069
State/ Caltrans funding	72,067	972,865	2,683,948	3,728,880
Federal funding	5,219,063	-	1,807,869	7,026,932
Total current assets	15,265,369	854,010,808	16,371,133	885,647,310
Non-current assets:				
Cash - restricted	-	10,030,750	-	10,030,750
Investments - restricted	-	1,423,823,350	-	1,423,823,350
Derivative instruments - assets	-	12,619,827	-	12,619,827
Bond prepaid insurance	-	111,567	-	111,567
Capital assets, net of accumulated depreciation/ amortization	-	19,572,721	3,539,105	23,111,826
Total non-current assets	-	1,466,158,215	3,539,105	1,469,697,320
TOTAL ASSETS	15,265,369	2,320,169,023	19,910,238	2,355,344,630
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows on derivative instruments	-	267,200,597	-	267,200,597
Deferred charge	-	617,568,259	-	617,568,259
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	884,768,856	-	884,768,856
LIABILITIES				
Current liabilities:				
Accounts payable	10,529,876	54,280,456	1,844,986	66,655,318
Accrued interest payable	-	96,686,869	-	96,686,869
Due to other funds	3,254,945	1,704,467	-	4,959,412
Unearned revenue	-	61,862,005	-	61,862,005
Retention payable	146,087	793,062	470	939,619
Long term debt - current	-	46,165,000	-	46,165,000
Due to Caltrans	-	31,402,112	-	31,402,112
Due to Bay Area Infrastructure Financing Authority	-	78,070,212	-	78,070,212
Total current liabilities	13,930,908	370,964,183	1,845,456	386,740,547
Non-current liabilities:				
Unearned revenue/ Patron deposits	-	6,848,372	-	6,848,372
Long term debt, net	-	7,830,910,576	-	7,830,910,576
Derivative instruments - liability	-	345,115,507	-	345,115,507
Total non-current liabilities	-	8,182,874,455	-	8,182,874,455
TOTAL LIABILITIES	13,930,908	8,553,838,638	1,845,456	8,569,615,002
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows on derivative instruments	-	12,619,827	-	12,619,827
Deferred revenue from swap amendment	-	20,751,666	-	20,751,666
TOTAL DEFERRED INFLOWS OF RESOURCES	-	33,371,493	-	33,371,493
NET POSITION				
Net investment in capital assets	-	19,572,721	3,539,105	23,111,826
Restricted for:				
Operations & Maintenance, under debt covenant	-	150,000,000	-	150,000,000
Extraordinary loss reserve, under Caltrans Coop	-	50,000,000	-	50,000,000
Unrestricted	1,334,461	(5,601,844,973)	14,525,677	(5,585,984,835)
TOTAL NET POSITION	$ 1,334,461	$ (5,382,272,252)	$ 18,064,782	$ (5,362,873,009)

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

Metropolitan Transportation Commission
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds			
	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total Enterprise Funds
OPERATING REVENUES				
Toll revenues collected	$ -	$ 671,506,937	$ -	$ 671,506,937
Department of Motor Vehicles registration fees	-	-	6,315,644	6,315,644
Payments from operators	15,862,805	-	-	15,862,805
Other operating revenues	4,199	19,416,727	40,398	19,461,324
TOTAL OPERATING REVENUES	15,867,004	690,923,664	6,356,042	713,146,710
OPERATING EXPENSES				
Operating expenses incurred by Caltrans	-	26,143,815	-	26,143,815
Operating expenses - Transbay JPA	-	3,716,381	-	3,716,381
Towing contracts	-	-	8,824,346	8,824,346
Professional fees	26,958,931	50,781,352	1,302,070	79,042,353
Allocations to other agencies	-	37,857,251	-	37,857,251
Salaries and benefits	2,016,180	9,892,206	832,364	12,740,750
Repairs and maintenance	-	7,745	687,493	695,238
Communication charges	120	64,458	110,955	175,533
Depreciation and amortization	-	4,343,444	301,229	4,644,673
Other operating expenses	1,293,712	16,575,798	673,702	18,543,212
TOTAL OPERATING EXPENSES	30,268,943	149,382,450	12,732,159	192,383,552
OPERATING INCOME (LOSS)	(14,401,939)	541,541,214	(6,376,117)	520,763,158
NONOPERATING REVENUES (EXPENSES)				
Investment income (charge)	568	555,086	4,250	559,904
Build America Bonds (BABs) interest subsidy	-	70,762,001	-	70,762,001
Interest expense	-	(443,976,648)	-	(443,976,648)
Financing fees	-	(5,228,135)	-	(5,228,135)
Other nonoperating expense	-	(12,244,246)	(10,001)	(12,254,247)
Caltrans/ other agency operating grants	224,195	307,977,921	7,300,854	315,502,970
Federal operating grants	1,422,609	-	1,101,149	2,523,758
Distributions to other agencies for their capital purposes	(7,123,871)	(316,769,632)	-	(323,893,503)
Distributions to Caltrans for their capital purposes	-	(406,130,188)	-	(406,130,188)
Capital contribution to BAHA/BAIFA	-	(251,909,538)	-	(251,909,538)
Other nonoperating revenue	1,517,268	3,165,152	-	4,682,420
TOTAL NONOPERATING REVENUES (EXPENSES)	(3,959,231)	(1,053,798,227)	8,396,252	(1,049,361,206)
INCOME (LOSS) BEFORE TRANSFERS	(18,361,170)	(512,257,013)	2,020,135	(528,598,048)
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Capital contribution from BAIFA	-	81,209,050	-	81,209,050
Transfers to Metropolitan Transportation Commission	-	(28,500,755)	(1,248,918)	(29,749,673)
Transfers from Metropolitan Transportation Commission	16,955,631	290,112	95,217	17,340,960
Transfer between programs	2,927,563	(2,927,563)	-	-
TOTAL TRANSFERS	19,883,194	50,070,844	(1,153,701)	68,800,337
CHANGE IN NET POSITION	1,522,024	(462,186,169)	866,434	(459,797,711)
Total net position - beginning	1,334,461	(5,382,272,252)	18,064,782	(5,362,873,009)
Total net position - ending	$ 2,856,485	$ (5,844,458,421)	$ 18,931,216	$ (5,822,670,720)

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

Metropolitan Transportation Commission
Statement of Revenues, Expenses and Changes in Net Position- Proprietary Funds
For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds			
	MTC-Clipper	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total Enterprise Funds
OPERATING REVENUES				
Toll revenues collected	$ -	$ 652,975,339	$ -	$ 652,975,339
Department of Motor Vehicles registration fees	-	-	6,108,321	6,108,321
Payments from operators	14,945,020	-	-	14,945,020
Other operating revenues	-	16,117,138	34,896	16,152,034
TOTAL OPERATING REVENUES	14,945,020	669,092,477	6,143,217	690,180,714
OPERATING EXPENSES				
Operating expenses incurred by Caltrans	-	24,617,098	-	24,617,098
Operating expenses - Transbay JPA	-	3,491,022	-	3,491,022
Towing contracts	-	-	8,687,129	8,687,129
Professional fees	25,941,118	42,431,139	3,489,543	71,861,800
Allocations to other agencies	-	39,661,565	-	39,661,565
Salaries and benefits	1,867,961	7,912,587	2,004,281	11,784,829
Repairs and maintenance	-	-	428,598	428,598
Communication charges	120	66,395	139,419	205,934
Depreciation and amortization	-	3,900,766	331,648	4,232,414
Other operating expenses	2,793,528	14,314,381	1,079,402	18,187,311
TOTAL OPERATING EXPENSES	30,602,727	136,394,953	16,160,020	183,157,700
OPERATING INCOME (LOSS)	(15,657,707)	532,697,524	(10,016,803)	507,023,014
NONOPERATING REVENUES (EXPENSES)				
Investment income (charge)	-	53,707,358	6,936	53,714,294
Build America Bonds (BABs) interest subsidy	-	72,065,403	-	72,065,403
Interest expense	-	(400,483,838)	-	(400,483,838)
Financing fees	-	(10,853,862)	-	(10,853,862)
Other nonoperating expense	-	(15,967,283)	(16)	(15,967,299)
Caltrans/ other agency operating grants	532,041	171,030,693	5,528,790	177,091,524
Federal operating grants	13,657,943	-	7,481,659	21,139,602
Distributions to other agencies for their capital purposes	(7,716,520)	(187,415,814)	-	(195,132,334)
Distributions to Caltrans for their capital purposes	-	(389,550,464)	(1,539,828)	(391,090,292)
Capital contribution to Bay Area Headquarters Authority	-	(48,780,971)	(62,910)	(48,843,881)
Other nonoperating revenue	1,334,000	650,637	-	1,984,637
TOTAL NONOPERATING REVENUES (EXPENSES)	7,807,464	(755,598,141)	11,414,631	(736,376,046)
INCOME (LOSS) BEFORE TRANSFERS	(7,850,243)	(222,900,617)	1,397,828	(229,353,032)
TRANSFERS				
Transfers to Metropolitan Transportation Commission	-	(28,764,693)	(924,279)	(29,688,972)
Transfers from Metropolitan Transportation Commission	5,653,525	390,000	-	6,043,525
Transfer between programs	3,674,499	(3,674,499)	-	-
TOTAL TRANSFERS	9,328,024	(32,049,192)	(924,279)	(23,645,447)
CHANGE IN NET POSITION	1,477,781	(254,949,809)	473,549	(252,998,479)
Total net position - beginning	(143,320)	(5,127,322,443)	17,591,233	(5,109,874,530)
Total net position - ending	$ 1,334,461	$ (5,382,272,252)	$ 18,064,782	$ (5,362,873,009)

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, 2014

	Business-Type Activities - Enterprise Funds			
	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
Cash flows from operating activities				
Cash receipts from users	$ 16,151,156	$ 676,713,713	$ 6,290,884	$ 699,155,753
Cash payments to Caltrans, suppliers and employees for services	(28,096,967)	(146,479,478)	(13,102,903)	(187,679,348)
Other receipts/(payments)	(2,016,180)	19,471,939	(1,063,157)	16,392,602
Net cash provided by/(used in) operating activities	(13,961,991)	549,706,174	(7,875,176)	527,869,007
Cash flows from non-capital financing activities				
Caltrans and other state and local agency grants	1,811,633	308,481,998	7,938,432	318,232,063
Proceeds from issuance of revenue bonds	-	885,646,782	-	885,646,782
Build America Bonds interest subsidy	-	70,474,895	-	70,474,895
Interest paid on bonds	-	(437,397,638)	-	(437,397,638)
Financing fees	-	(5,364,647)	-	(5,364,647)
Federal operating grants	5,798,143	-	2,386,304	8,184,447
Transfers (to)/from MTC and SAFE	21,512,042	(10,835,406)	95,216	10,771,852
Received from MTC for loan payment	-	5,000,000	-	5,000,000
Bond principal payments	-	(46,165,000)	-	(46,165,000)
Distributions to Caltrans	-	(403,732,572)	(90,000)	(403,822,572)
Distributions to other agencies	(8,467,938)	(235,625,642)	-	(244,093,580)
Capital contribution to BAHA/ BAIFA	-	(251,909,538)	-	(251,909,538)
Paid to BAIFA	-	(78,090,462)	-	(78,090,462)
Other nonoperating cash inflows	1,370,122	3,165,152	-	4,535,274
Other nonoperating cash outflows	-	(2,269,113)	-	(2,269,113)
Net cash provided by/(used in) non-capital financing activities	22,024,002	(198,621,191)	10,329,952	(166,267,237)
Cash flows from capital and related financing activities				
Capital contributions from BAIFA	-	81,209,050	-	81,209,050
Acquisition of capital assets	-	(10,197,293)	(19,795)	(10,217,088)
Net cash provided by/(used in) capital and related financing activities	-	71,011,757	(19,795)	70,991,962
Cash flows from investing activities				
Proceeds from maturities of investments	-	5,597,905,082	-	5,597,905,082
Purchase of investments	-	(5,846,435,521)	(263)	(5,846,435,784)
Interest and dividends received	568	4,748,677	4,253	4,753,498
Net cash provided by/(used in) investing activities	568	(243,781,762)	3,990	(243,777,204)
Net increase in cash	8,062,579	178,314,978	2,438,971	188,816,528
Balances - beginning of year	836,732	484,150,229	10,041,675	495,028,636
Balances - end of year	$ 8,899,311	$ 662,465,207	$ 12,480,646	$ 683,845,164

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, 2014

	Business-Type Activities - Enterprise Funds			
	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
Reconciliation of operating income to net cash provided by/(used in) operating activities				
Operating income (loss)	$ (14,401,939)	$ 541,541,214	$ (6,376,117)	$ 520,763,158
Adjustments to reconcile operating net cash provided by/(used in) operating activities:				
Depreciation and amortization	-	4,343,444	301,229	4,644,673
Net effect of changes in:				
Due (to)/from MTC	4,557,987	-	(1,103,555)	3,454,432
Due from BAIFA	-	20,250	-	20,250
Accounts receivable	253,115	(1,653,570)	-	(1,400,455)
Prepaid expenses and other assets	(25,465)	(73,870)	(43,122)	(142,457)
Due to Caltrans	-	72,145	-	72,145
Unearned revenue	-	5,413,784	-	5,413,784
Patron deposits	-	997,027	-	997,027
Accounts payable and accrued expenses	(4,376,726)	(1,438,747)	(628,851)	(6,444,324)
State funding due	31,037	484,497	(24,760)	490,774
Net cash provided by operating activities	$ (13,961,991)	$ 549,706,174	$ (7,875,176)	$ 527,869,007

Significant Noncash Investing, Capital, and Financing Activities

There were no significant noncash items during the fiscal year ended June 30, 2014.

Metropolitan Transportation Commission
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds			
	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
Cash flows from operating activities				
Cash receipts from users	14,340,101	659,343,030	6,097,573	679,780,704
Cash payments to Caltrans, suppliers and employees for services	(26,756,810)	(126,943,282)	(16,029,789)	(169,729,881)
Other receipts (payments)	(1,867,961)	18,004,399	(178,438)	15,958,000
Net cash provided by/(used in) operating activities	(14,284,670)	550,404,147	(10,110,654)	526,008,823
Cash flows from non-capital financing activities				
Caltrans and other state and local agency grants	415,458	169,807,955	5,215,104	175,438,517
Build America Bonds interest subsidy	-	73,730,618	-	73,730,618
Interest paid on bonds	-	(407,291,435)	-	(407,291,435)
Financing fees	-	(9,678,801)	-	(9,678,801)
Federal operating grants	14,384,438	-	9,361,695	23,746,133
Transfers (to)/from MTC and SAFE	6,069,840	(9,570,840)	2,244,111	(1,256,889)
Received from MTC for loan payment	-	16,000,000	-	16,000,000
Bond principal payments	-	(40,540,000)	-	(40,540,000)
Payment for refunding of bonds	-	(191,931,270)	-	(191,931,270)
Distributions to Caltrans	-	(401,112,987)	(1,498,226)	(402,611,213)
Distributions to other agencies	(6,730,167)	(224,400,138)	-	(231,130,305)
Paid to BAIFA	-	(165,000,000)	-	(165,000,000)
Capital contribution to BAHA	-	(48,780,971)	(62,910)	(48,843,881)
Other nonoperating cash inflows	-	650,637	-	650,637
Other nonoperating cash outflows	-	(8,504,379)	-	(8,504,379)
Net cash provided by/(used in) non-capital financing activities	14,139,569	(1,246,621,611)	15,259,774	(1,217,222,268)
Cash flows from capital and related financing activities				
Acquisition of capital assets	-	(4,263,098)	(42,363)	(4,305,461)
Net cash provided by/(used in) capital and related financing activities	-	(4,263,098)	(42,363)	(4,305,461)
Cash flows from investing activities				
Proceeds from maturities of investments	-	6,705,681,972	-	6,705,681,972
Purchase of investments	-	(6,075,602,794)	(349)	(6,075,603,143)
Interest and dividends received	-	4,869,510	7,065	4,876,575
Net cash provided by/(used in) investing activities	-	634,948,688	6,716	634,955,404
Net increase/(decrease) in cash	(145,101)	(65,531,874)	5,113,473	(60,563,502)
Balances - beginning of year	981,833	549,682,103	4,928,202	555,592,138
Balances - end of year	$ 836,732	$ 484,150,229	$ 10,041,675	$ 495,028,636

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, 2013

	Business-Type Activities - Enterprise Funds			
	MTC-Clipper®	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
Reconciliation of operating income to net cash provided by/(used in) operating activities				
Operating income/(loss)	$(15,657,707)	$ 532,697,524	$ (10,016,803)	$ 507,023,014
Adjustments to reconcile operating income to net cash provided by/(used in) operating activities:				
Depreciation and amortization	-	3,900,766	331,648	4,232,414
Net effect of changes in:				
Due (to)/from MTC	(574,319)	-	(213,334)	(787,653)
Due from BAIFA	-	(6,750)	-	(6,750)
Accounts receivable	(604,919)	1,453,604	3,200	851,885
Prepaid expenses and other assets	-	(126,777)	6,761	(120,016)
Due to Caltrans	-	5,982	-	5,982
Deferred revenue	-	6,255,727	-	6,255,727
Patron deposits	-	1,059,527	-	1,059,527
Accounts payable and accrued expenses	2,585,054	5,671,700	(211,378)	8,045,376
State funding due	(32,779)	(507,156)	(10,748)	(550,683)
Net cash provided by operating activities	$(14,284,670)	$ 550,404,147	$ (10,110,654)	$ 526,008,823
Significant Noncash Investing, Capital, and Financing Activities				
Refunding bond proceeds received in escrow trust fund	$ -	$ 1,053,359,222	$ -	$ 1,053,359,222
Debt refunded through escrow trust fund	-	(1,115,051,467)	-	(1,115,051,467)
Bond reoffering proceeds to convert the interest rate mode	-	1,050,000,000	-	1,050,000,000
Debt defeasance through the bond reoffering	-	(1,050,000,000)	-	(1,050,000,000)

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

Metropolitan Transportation Commission
Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2014 and 2013

	2014	2013
ASSETS		
Cash and investments	$ 141,401,128	$ 117,147,205
Accounts receivable	8,947,813	14,055,635
Interest receivable	18,531	15,388
TOTAL ASSETS	$ 150,367,472	$ 131,218,228
LIABILITIES		
Accounts payable and accrued liabilities	$ 68,115,341	$ 53,077,124
Due to other governments	82,252,131	78,141,104
TOTAL LIABILITIES	$ 150,367,472	$ 131,218,228

The accompanying notes are an integral part of these 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 in Government Code Section 66500 et seq. 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.

MTC's principal sources of revenue to fund its governmental operations include state grants, a percentage of the sales tax revenues collected in the nine Bay Area counties under the State Transportation Development Act of 1971 (TDA) and grants from the U.S. Department of Transportation, Office of the Secretary of Transportation (U.S. DOT), including the Federal Highway Administration (FHWA), Federal Transit Administration (FTA) and other federal, state and local agencies. These are the principal sources of revenues susceptible to accrual under the modified accrual method described later within this note. Fees are the primary source of revenue for the proprietary funds described in this note.

The accompanying financial statements present MTC, its blended component units, and its discretely presented component units. MTC is the primary government as defined in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Nos. 39 and 61. Its governing board is separately appointed and it is fiscally independent of other governments. The blended component units discussed below are included as part of the reporting entity because their boards are substantially the same as the primary government's board. The blended component units, although legally separate entities are, in substance, part of MTC's operations, and financial data from these units are combined with financial data of MTC in preparing the government-wide financial statements. The Commission serves as the governing body for MTC and all its blended component units.

MTC has two discretely presented component units – Bay Area Infrastructure Financing Authority (BAIFA) and Bay Area Headquarters Authority (BAHA). As such, BAIFA and BAHA are presented in separate columns on the face of the government-wide financial statements in the far right columns.

Blended component units

i.) Bay Area Toll Authority

The Bay Area Toll Authority (BATA) is a public agency created by Senate Bill 226 effective January 1, 1998 with responsibilities for the disposition of toll revenues collected from the seven State owned toll bridges in the San Francisco Bay Area. The 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. BATA is a proprietary fund as it generates revenue from toll bridge receipts and its debt is collateralized solely by toll revenue as more fully described in Note 5, Long-Term Debt.

Pursuant to Senate Bill 226, a five year Cooperative Agreement was signed on March 2, 1998 defining the roles and responsibilities of BATA and Caltrans with respect to the collection and disposition of toll bridge revenues. The current ten-year agreement was signed in 2006 and amended and restated in June 2011.

Under the terms of the Cooperative Agreement, BATA has responsibility for cash management and electronic toll collection while Caltrans' responsibilities include the ownership, operation and maintenance of the bridges.

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

In June 1988, MTC SAFE was created to receive fees collected by the Department of Motor Vehicles pursuant to Streets and Highways Code Section 2555 et seq., which permits the collection of up to $1 per registered vehicle in participating counties. These fees represent charges for services rendered to external users. MTC SAFE is responsible for administering a freeway motorist aid system in the participating counties, referred to as the Call Box program. The following counties are participants in the MTC SAFE: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma.

In 1993, MTC SAFE's responsibilities were expanded, pursuant to a jointly adopted Memorandum of Understanding between MTC SAFE, Caltrans, and the California Highway Patrol (CHP), to participate in the development and implementation of a Freeway Service Patrol (FSP) program in the San Francisco Bay Area. The three principal sources of funding for the FSP program are state-legislated grants, federal grants, and funding from federal traffic mitigation programs.

Discretely presented component units

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

iii.) Bay Area Infrastructure Financing Authority (BAIFA)

BAIFA was established in August 2006 pursuant to the California Joint Exercise of Powers Act (Act), consisting of Sections 6500 through 6599.2 of the California Government Code which authorizes to BAIFA the joint exercise powers common to MTC and BATA. There are six Commissioners on the governing board for BAIFA. BAIFA's board consists of MTC and BATA Oversight Committee chairs and four Commissioners. BAIFA is authorized to plan, obtain funding, issue debt and apply funds received to pay debt service on bonds issued by BAIFA to finance or refinance public transportation and related capital improvements projects. BAIFA is presented in the discretely presented component unit column of the government-wide financial statements because it does not meet the criteria for blending under the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 39.* Requests for separately issued financial statements for BAIFA should be addressed to the Treasurer and Auditor, Bay Area Infrastructure Financing Authority, 101 Eighth Street, Oakland, CA 94607.

iv.) Bay Area Headquarters Authority (BAHA)

BAHA was established in September 2011 pursuant to the California Joint Exercise of Powers Act, consisting of Sections 6500 through 6599.2 of the California Government Code which authorizes BAHA the exercise powers common to MTC and BATA. There are six Commissioners on the governing board for BAHA. BAHA's board consists of four MTC Commissioners and two BATA Commissioners. BAHA is authorized to plan, acquire, develop and operate directly or through contract BAHA's office space and facilities. On October 14, 2011 BAHA acquired property located on 375 Beale Street, San Francisco, California for the purpose of establishing a Bay Area Regional Headquarters for MTC, Bay Area Air Quality Management District, and the Association of Bay Area Governments. BAHA is presented as a proprietary fund in the discretely presented component unit column of the government-wide financial statements because it does not meet the criteria for blending under the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus- an amendment of GASB Statements No. 14 and No.* 39. Requests for separately issued financial statements for BAHA should be addressed to the Treasurer and Auditor, Bay Area Headquarters Authority, 375 Beale Street, San Francisco, CA 94105.

B. Government-Wide and Fund Financial Statements

Basis of presentation - governmental wide statements

The government-wide financial statements (i.e. Statement of Net Position and Statement of Activities) report information on all non-fiduciary activities of MTC and its component units. The effect of inter-fund activity has been eliminated from the government-wide financial statements. However, interfund services provided and used are not eliminated in the process of consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

Basis of presentation - fund financial statements

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.

The government reports the following funds:

i.) MTC General Fund

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

ii.) MTC Special Revenue Funds

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

Major Funds

AB 664 Net Toll Revenue Reserve Fund – Under Section 30884 (a) of the Streets and Highways Code, the AB 664 Net Toll Revenue Fund receives 16 percent of the base toll revenues collected on the three southern bridges, San Francisco-Oakland Bay Bridge, Dumbarton Bridge and San Mateo-Hayward Bridge. These funds are allocated by policy, 70 percent to East Bay and 30 percent to West Bay, to agency capital projects that further the development of public transit in the vicinity of the three southern bridges.

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

Rail Reserves Fund – Under Section 30914 (a.4) of the Streets and Highways Code, the Rail Reserves Fund receives 21 percent of base toll revenues collected on the San Francisco-Oakland Bay Bridge. These funds are allocated exclusively for rail transit capital extension and improvement projects that are designed to reduce vehicular traffic congestion on the San Francisco-Oakland Bay Bridge. 70 percent of the Rail Reserves are allocated for East Bay rail improvements and the remaining 30 percent for West Bay rail improvements.

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

Non-major Funds

Transit Reserve Fund – MTC maintains a Transit Reserve Fund pursuant to RM 1. The calculation of the transit reserves is set forth in Section 30913 (b) of the Streets and Highways Code as one third of two percent of base toll revenues collected on all seven Bay Area state-owned bridges.

Caltrans also has a Cooperative Agreement with BATA and MTC whereby Caltrans transferred state funding to MTC for ferry operations and other transit/bicycle projects.

Exchange Fund – Exchange Funds are used for MTC projects adopted as part of its Surface Transportation Program (STP) and Congestion Mitigation and Air Quality Improvement (CMAQ) program. The restriction is established by Commission resolution.

Feeder Bus Fund – Funds from local agencies are used to reimburse various transit operators for operating the BART Express Bus Program.

Proposition 1B Fund – This fund includes revenue from the Caltrans Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA) grant. This is a grant funded by Proposition 1B Regional Transit Connectivity Program funds. MTC's Hub Signage Project, which improves signage at major transportation hubs, is the only project in this fund for fiscal years 2014 and 2013.

MTC Capital Projects Fund – MTC Capital Projects Fund, which includes the building improvement reserve, is used to account for and report the financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition and development of capital facilities and other capital assets.

iii.) MTC Enterprise Fund - Clipper®

In July 2010, MTC assumed responsibility for operating the Clipper® smart card program under the Memorandum of Understanding with seven Bay Area transit organizations. Clipper® smart card operating and capital costs are incurred by MTC's Clipper® fund. MTC Clipper® seeks payment from participating transit operators for service provided related to the operations and capital expenditures of this program. The cash account and patron liability is held as an agency fund. See Note 1.B (iv) for information on the Clipper® program agency fund.

iv.) MTC Fiduciary Funds

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

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

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

Clipper® Program Fund – These agency funds are used to reimburse transit operators for rides taken by patrons using the Clipper® smart card.

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

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

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

New Accounting Pronouncements

GASB Statement No. 67, *Accounting and Financial Reporting for Pension Plans*, an amendment to GASB Statement No. 25, revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. This statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position and

a statement of changes in fiduciary net position. It enhances note disclosures and Required Supplementary Information (RSI) for both defined benefit and defined contribution pension plans and also requires the presentation of new information about annual money-weighted rates of return in the notes and in ten year RSI schedules. This standard was issued in June 2012 and is effective for periods beginning after June 15, 2013. This standard does not apply to the financial statements.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, an amendment to GASB Statement No. 27 requires governments providing pensions through pension plans administered as trusts or similar arrangements that meet certain criteria and requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This standard was issued in June 2012 and is effective for periods beginning after June 15, 2014. Management is currently evaluating the effect of this standard on the financial statements.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This statement also improves the decision usefulness of financial reporting by requiring that disclosures be made by government about combination arrangements in which they engage and for disposals of government operations. This standard was issued in January 2013 and is effective for government operations occurring in financial reporting periods beginning after December 15, 2013. This standard is not expected to have any impact on the financial statements.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, requires a government that has issued an obligation guaranteed in a nonexchange transaction to report the obligation until legally released as an obligor. It also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. This statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. This standard was issued in April 2013 and is effective for reporting periods beginning after June 15, 2013. This standard did not have any impact on the financial statements.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*, amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflows of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68. This standard was issued in November 2013 and is effective for reporting periods beginning after June 15, 2014. Management is currently evaluating the effect of this standard on the financial statements.

In fiscal year 2013, the following funds are considered non-major: Transit Reserve Fund, Exchange Fund, BART Car Exchange, Feeder Bus Fund, Proposition 1B Fund and Capital Projects Fund. The following funds are considered major governmental funds: MTC General Fund, STA Fund, Rail Reserves Fund, and AB 664 Net Toll Revenue Reserve Fund.

In fiscal year 2014, the following funds are considered non-major: Transit Reserve Fund, Exchange Fund, Feeder Bus Fund, Proposition 1B Fund and Capital Projects Fund. The following funds are considered major governmental funds: MTC General Fund, STA Fund, Rail Reserves Fund, AB 664 Net Toll Revenue Reserve Fund, and BART Car Exchange.

The balance sheet and statements of revenues, expenditures and changes in fund balances and budget to actual statements of revenues and change in fund balances are presented for these funds.

D. Budgetary Accounting

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

MTC employs the following practices and procedures in establishing budgetary data as reflected in the basic financial statements:

- Annual budgets are adopted on the modified accrual basis of accounting for governmental fund types. These include the general fund, plus major and non-major special revenue funds. Capital budgets are adopted on a project life-to-date basis.
- Annual budgets are adopted on the accrual basis for the proprietary fund types.

E. Encumbrances

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

	2014	2013
General Fund	$ 1,187,354	$ 1,233,794
AB 664 Net Toll Revenue	30,106,483	36,378,971
State Transit Assistance Funds	5,901,749	15,047,181
Rail Reserves	40,965,664	97,089,477
Non-major Governmental Funds	18,908,151	12,998,372

F. Net Position

Net position, presented in the government-wide financial statements, represents the residual interest in assets plus deferred outflows after liabilities and deferred inflow are deducted. MTC's net position consists of three sections: Net investment in capital assets, as well as restricted and unrestricted. Net position is reported as restricted when constraints are imposed by creditors, grantors, contributors, laws or regulations or other governments or enabling legislation.

Restricted net position consists of amounts restricted for capital projects and other purposes as follows:

	2014	2013
Capital Projects	$361,332,909	$365,445,733
Other Purposes:		
Operations & Maintenance reserve, under debt covenant	150,000,000	150,000,000
Extraordinary loss reserve, under Caltrans Cooperation Agreement	50,000,000	50,000,000
Net OPEB asset	7,384,385	7,384,385
STA reserve	528,260	1,254,051
Other (Prepaids, Benefit Reserve, and Building Reserve)	3,209,369	2,259,385
Total Other Purposes	$211,122,014	$210,897,821

G. Fund Balances

Fund balances, presented in the governmental fund financial statements, represent the difference between assets, liabilities and deferred inflows and outflows reported in a governmental fund. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. GASB Statement No. 54 requires that the fund balances be classified into categories based upon the type of restrictions imposed on the use of funds.

MTC evaluated each of its funds at June 30, 2014 and 2013 and classified fund balances into the following five categories:

- Nonspendable – Items that cannot be spent because they are not in spendable form, such as prepaid items, are reported in the general fund.
- Restricted – Items that are restricted by external parties such as creditors or imposed by grants, law or legislation. MTC has legislative restrictions on amounts collected for various transportation and rail projects included in the AB 664 Toll Revenue, STA, BART Car Exchange, Transit Reserve, Feeder Bus, Rail Reserves, Proposition 1B and Capital Projects funds.

- Committed – Items that have been committed by formal action by the entity's highest level of decision-making authority, which MTC considers to be Commission resolutions. This level of approval has been reported in the general fund, capital projects fund and the exchange fund in establishing the benefits reserve, building reserve and professional services reserve, respectively.
- Assigned – Items that have been allocated by committee action where the government's intent is to use the funds for a specific purpose. MTC considers this level of authority to be the Administration Committee. This restriction is currently not used on MTC's fund balances.
- Unassigned – This category is for any balances that have no restrictions placed upon them.

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

GASB Statement No. 54 also clarifies definitions for governmental fund types. MTC evaluated each of its funds at June 30, 2014 and 2013 and provided additional information with respect to the purpose of each fund (see Note 1.B.). This evaluation did not result in a reclassification of funds within the governmental fund types for fiscal years 2014 and 2013.

H. Cash and Investments

MTC applies the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, which generally requires investments to be recorded at fair value with the difference between cost and fair value recorded as an unrealized gain or loss. Investments are stated at fair value based upon quoted market prices. MTC reports its money market investments and securities at amortized cost. This is permissible under this standard provided those investments have a remaining maturity at the time of purchase of one year or less and that the fair value of those investments is not significantly affected by the credit standing of the issuer or other factors. Net increases or decreases in the fair value of investments are shown in the Statements of Revenues, Expenditures and Changes in Fund Balance for all governmental fund types and in the Statements of Revenues, Expenditures and Changes in Net Position for the proprietary funds. Accounting for derivative investments is described in Note 1.T.

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 MTC a broad spectrum of investment opportunities as long as the investment is deemed prudent and is authorized under the California Government Code Sections 53600, et seq. Investments allowed under MTC investment policy include the following:

- Securities of the U.S. Government or its agencies
- Securities of the State of California or its agencies

- Certificates of deposit issued by a nationally or state chartered bank
- Authorized pooled investment programs
- Commercial paper – Rated "A1" or "P1"
- Corporate notes – Rated "A" or better
- Municipal bonds
- Mutual funds – Rated "AAA"
- Other investment types authorized by state law and not prohibited in MTC's investment policy.

Cash

MTC considers all balances in demand deposit accounts to be cash. Deposits in the cash management pool of the County of Alameda are presented as cash as they are available for immediate withdrawal or deposit at any time without prior notice or penalty and there is no significant risk of principal. MTC classifies all other highly liquid cash equivalents as short-term investments.

Restricted Cash

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

Restricted Investments

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

Non-current Cash and Investments

Certain cash and investments are non-current as these funds are not available to be expended for current operations with the next fiscal year.

I. Capital Assets

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

Capital assets are defined as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of three years. However, capital assets that do not meet the threshold on an individual basis but are material collectively are capitalized.

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

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

	Years
Buildings and improvements	10-45
Office furniture and equipment	3-10
Intangible assets	5-7
Leased equipment	5
Automobiles	3
Call boxes	10

J. Retirement Plans

MTC provides a defined benefit pension plan, the Miscellaneous Plan of Metropolitan Transportation Commission (the "Plan") which provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plan is part of the Public Agency portion of the Public Employees' Retirement System (CalPERS). CalPERS provides an actuarial determined contribution rate that is applied to eligible covered payroll cost on a monthly basis by MTC. These costs are included in salaries and benefits expense. For additional information on MTC's retirement plan, refer to Note 8.

K. Post Employment Healthcare Benefits

MTC pays certain health care insurance premiums for retired employees. These costs are not recorded in a fiduciary fund by MTC as the assets underlying these future benefits are not managed by MTC. Funds have been deposited into an irrevocable trust currently administered by Public Agency Retirement Services (PARS). The annual required contribution is recorded in salaries and benefits. See Note 9 for further detail on the cost and obligations associated with these other post employment benefits (OPEB).

L. Compensated Absences

MTC's regular staff employees accumulate vacation pay and sick leave pay based on the agreement with the Committee for Staff Representation pursuant to the Meyers–Milias–Brown Act. A liability exists for accumulated vacation and sick leave. The compensated absences liability presented in the government-wide governmental activities totals $4,019,949 and $3,857,077 at June 30, 2014 and 2013, respectively. Unused accumulated sick and vacation leave is paid at the time of employment termination up to a maximum of 240 hours for sick leave as well as the total accumulated vacation leave (a maximum of 500 hours) per employee. A summary of changes in compensated absences for the year ended June 30, 2014 is as follows:

	Beginning Balance July 1, 2013	Additions	Reductions	Ending Balance June 30, 2014	Due Within One Year
Compensated Absences	$ 3,857,077	$ 2,631,231	$ (2,468,359)	$ 4,019,949	$ 1,704,540

A summary of changes in compensated absences for the year ended June 30, 2013 is as follows:

	Beginning Balance July 1, 2012	Additions	Reductions	Ending Balance June 30, 2013	Due Within One Year
Compensated Absences	$ 3,586,668	$ 2,369,393	$ (2,098,984)	$ 3,857,077	$ 1,640,497

M. Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net change in fund balance – total governmental funds and changes in net position of governmental activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures." However, in the Statement of Activities the cost of those assets is allocated over their estimated useful life and reported as depreciation expense.

The details of the fiscal years 2014 and 2013 reconciling items are as follows:

	2014	2013
Capital outlay	$ 417,938	$ 148,700
Depreciation expense	(853,406)	(779,255)
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at change in net position of governmental activities	$ (435,468)	$ (630,555)

N. Pledged Revenue to Bay Area Infrastructure Financing Authority

In December 2006, BATA entered into a contribution agreement with the State of California whereby BATA pledged to transfer the state's future scheduled payments designated for the Toll Bridge Seismic Retrofit Program to BAIFA. BAIFA issued $972,320,000 State Payment Acceleration Notes (SPANs) collateralized solely by BATA's pledge of State payments. BAIFA agreed to apply the proceeds from the SPANs for the costs of issuance and for the seismic retrofit program.

In fiscal year 2014, the last pledged payment from the State of $300,000,000 was received by BATA and paid to BAIFA.

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

O. Deferred Revenue/Deferred Charge

Deferred revenue includes the unamortized portion of a lump sum payment from BATA to MTC. Details of the transaction are described below.

Street and Highway codes sections 30890, 30911 and 30914 require BATA to transfer a specific percentage of the net base toll collection to MTC annually. The transfers are called AB 664 Net Toll Revenue Reserve, Transit Reserve, and Rail Reserves transfers. In April 2010, MTC entered into a funding agreement with BATA, whereby BATA would make a lump sum payment of $506,986,537 equal to the present value of the next 50 years of the above funds transfers. The funds were transferred on September 30, 2010. MTC and BATA agreed that the payment would fulfill BATA's entire responsibility to make AB 664 Net Toll Reserve, Transit Reserve, and Rail Reserves fund transfers for the next 50 years. MTC is using the payment to fund the planned essential regional transportation projects.

GASB Statement No. 48, *Sales and Pledges of Receivables and Intra-Entity Transfers of Assets and Future Revenues*, as amended by GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes the criteria to account for the above transactions. The lump sum payment from BATA to MTC met the criteria of the intra-entity sale of future revenues for fiscal year June 30, 2011. GASB Statement No. 48 requires the intra-entity sale of future revenue to be accounted for as a deferred charge and deferred revenue and amortized over the life of the agreement. The balances in the deferred revenue and deferred charge are reported under Deferred Inflows of Resources in accordance with GASB Statement No. 65. The amortization for this fiscal year is $20,632,612.

Deferred revenue also consists of a payment from JP Morgan Chase Bank, N.A. for an amendment of the $245 million swap. This deferred revenue is being amortized over the life of the swap. See Note 5 for more details on this transaction.

Deferred charge includes the deferred amount from the bond refunding.

P. Unearned Revenue

The unearned revenue in BATA consists of the funds collected by the Regional Customer Service Center (RCSC). The funds collected by RCSC are prepayments for tolls or represent a deposit from patrons. The patrons are issued transponders with the prepaid amounts for usage against tolls on the California bridges.

Q. Deferred Outflows/Inflows on Derivative Instruments

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

R. Toll Revenues Collected

BATA accounts for the electronic tolls and cash collected from the operation of the bridges as revenue. BATA recognizes toll revenue as amounts are collected from vehicle utilization of the toll bridges.

S. Operating Expenditures Incurred by Caltrans

In accordance with the Cooperative Agreement between BATA and Caltrans, BATA reimburses Caltrans for certain costs incurred for bridge operating expenditures. These expenses include maintenance, administration, operations and overhead costs.

T. Investment Income

Investment income (charge) is comprised of interest income from investments and the changes in the fair value of investment derivative instruments. The investment derivative instrument component is in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which requires the change in fair value of derivative instruments which no longer have an underlying item to effectively hedge, to be reported in investment income. The following table shows the breakdown of investment income for the fiscal years ended June 30, 2014 and 2013:

	Governmental Activities	BATA	MTC Clipper/ SAFE	Total Business-Type Activities	Total 2014	Total 2013
Investment income	$ 1,935,001	$ 5,807,554	$ 4,818	$ 5,812,372	$ 7,747,373	$ 5,159,826
Investment derivative	-	(5,252,468)	-	(5,252,468)	(5,252,468)	50,686,311
	$ 1,935,001	$ 555,086	$ 4,818	$ 559,904	$ 2,494,905	$ 55,846,137

U. Distributions to Caltrans for their Capital Purposes

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

V. Distributions to Others for their Capital Purposes / Allocation to Other Agencies

Expenses are recorded or accrued to the extent of the invoices presented to MTC that relate to the fiscal year.

W. 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.

X. Build America Bonds (BABs) Interest Subsidy

The interest subsidy on the BABs was $70,762,001 for fiscal year 2014. Of this amount, $17,762,277 is included as a year-end accrual. The Federal government makes a semiannual payment to MTC on April 1 and October 1 of each year. The two interest subsidy payments in fiscal year 2014 were short due to the Federal budget and sequestration constraints. The payments were impacted by a reduction of 7.2% of the subsidy amount. Future impact is not known until the Federal government adopts its budget in October 2014.

Y. Operating and Nonoperating Revenues and Expenses

Operating revenues are those necessary for principal operations of the entity. Operating expenses are those related to user service activities. Nonoperating revenues and expenses are all other revenues and expenses not related to user service activities.

2. NET POSITION

MTC's negative net position arises from its business-type activities. For the business-type activities, BATA is responsible for providing Caltrans funding for bridge construction and repairs related to the seven state-owned bridges. Expenses related to these payments to Caltrans are treated as expenses since BATA does not own or maintain title to the bridges. This deficit will be reduced through operating income earned in the future as the toll revenue debt is retired and projects are completed.

3. CASH AND INVESTMENTS

A. A summary of Cash and Investments as shown on the Statement of Net Position for all funds at June 30, 2014 and 2013 is as follows:

	2014	2013
Unrestricted cash	$ 740,901,136	$ 679,568,862
Unrestricted investments	960,147,848	802,941,805
Total unrestricted cash and investments	1,701,048,984	1,482,510,667
Restricted cash	121,978,365	81,940,408
Restricted investments	1,763,158,876	1,549,218,067
Total restricted cash and investments	1,885,137,241	1,631,158,475
Total cash and investments	$ 3,586,186,225	$ 3,113,669,142

The details of restricted cash and investments are as follows:

	2014	2013
FasTrak® program	$ 75,956,799	$ 69,126,499
Escrow account	14,881	14,882
Bond proceeds for capital projects	122,424,290	9,495,658
Debt service reserve	475,439,245	427,025,751
Operations & maintenance reserve	150,000,000	150,000,000
Extraordinary loss reserve	50,000,000	50,000,000
Rehabilitation reserve	120,000,000	120,000,000
Projects/operating reserves	580,000,000	580,000,000
Variable rate risk reserve	100,000,000	100,000,000
BART car exchange project	211,302,026	125,495,685
Total restricted cash and investments	$ 1,885,137,241	$ 1,631,158,475

Restricted cash on the FasTrak® program consists of customer prepaid tolls and deposits from patrons. The patrons are issued transponders with the prepaid amounts for usage against tolls on the California bridges. Tolls are deducted from customers' prepaid toll accounts as customers cross a bridge. Operations & maintenance, Debt service reserve, Extraordinary loss reserves, Rehabilitation reserve, Projects/Operating reserve as well as the Variable rate risk reserve are described in Note 5. The BART car exchange project is described in Note 1.B.ii.

B. The composition of cash and investments at June 30, 2014 and 2013 is as follows:

	2014	2013
Cash at banks	$ 319,035,697	$ 267,113,861
Money market mutual funds	495,609,284	294,172,760
County of Alameda	48,234,521	57,464,355
Government-sponsored enterprises:		
Federal Home Loan Bank	1,560,791,194	878,168,076
Federal Home Loan Mortgage Corporation	565,893,886	779,300,742
Federal National Mortgage Association	210,808,026	421,155,387
Federal Farm Credit Bank	30,015,205	113,345,010
Municipal Bonds	121,330,000	180,648,170
Local Agency Investment Fund	323,369	322,564
Certificates of Deposit	198,900,000	48,250,000
Commercial Paper	9,993,750	51,951,169
Corporate Bonds	25,251,293	21,777,048
Total cash and investments	$3,586,186,225	$3,113,669,142

MTC holds a position in the investment pool of County of Alameda in the amount of $48,234,521 and $57,464,355 at June 30, 2014 and 2013, respectively. The Transportation Development Act (TDA) requires that STA and local TDA funds be deposited with the respective County Treasury. The County of Alameda is restricted by state code in the types of investments it can make. Further, the County Treasurer has a written investment policy approved by the Board of Supervisors and an investment committee, which performs regulatory oversight for its pool as required by California Government Code Section 27134. The position in the external investment pool at the County of Alameda is recorded at fair value at June 30, 2014 and June 30, 2013 determined by the fair value of the pool's underlying portfolio. Deposits with the County of Alameda are available for immediate withdrawal.

MTC holds $323,369 and $322,564 at June 30, 2014 and 2013 respectively in the Local Agency Investment Fund (LAIF). MTC's investment policy allows investment in LAIF as authorized by Government Code section 16429. LAIF is a program created by state statute as an investment alternative for California's local governments and special districts. LAIF funds are available for immediate withdrawal.

MTC's portfolio includes six money market mutual fund investments at June 30, 2014 and four money market mutual fund investments at June 30, 2013. The mutual fund investments in MTC's investment portfolio are expressed as a percentage of MTC's total cash and investments as follows:

	2014	2013	Ratings
B of A Government Reserves Adviser	1%	1%	AAA
Dreyfus Gov't Cash Mgmt Institutional	1%	less than 1%	AAA
BlackRock T- Fund Institutional	1%	1%	AAA
California Asset Management Program	2%	7%	AAA
CalTRUST Heritage Money Market	8%	0%	AAA
Federated Government Obligation Tax-Managed	1%	0%	AAA

B of A Government Reserves Adviser funds are part of the overnight sweep fund utilized by Bank of America checking accounts and invested in short-term debt securities that have relatively low risk, including, in some cases, securities issued or guaranteed by the U.S. Government. The fund is rated "AAA/Aaa" by Standard & Poor's and Moody's, respectively.

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

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

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

The Federated Government Obligations Tax-Managed Fund is part of the overnight sweep fund utilized by Bank of New York trustee and invests in short-term U.S. Treasury and government securities. The fund is rated "AAA/Aaa" by Standard and Poor's and Moody's, respectively.

The CalTRUST Heritage Money Market Fund is an investment through the CalTRUST joint powers authority. The Heritage Money Market Fund seeks current income while preserving capital and liquidity by investing in high-quality, short-term, U.S. dollar-denominated money market instruments of domestic and foreign issuers. The fund is rated "AAA/Aaa" by Standard and Poor's and Moody's, respectively.

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

The Government-Sponsored Enterprises (GSE) holdings carry "AA+/Aaa/AAA" ratings from Standard & Poor's, Moody's and Fitch, respectively. Neither state law nor MTC policy imposes a limit to the amount of GSE back to the bank within the portfolio. The GSE holdings include Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), and Federal Farm Credit Bank (FFCB).

Municipal bonds are comprised of variable rate demand obligations (VRDOs) issued by various California local agencies. The VRDOs are presented as investments. VRDOs have liquidity instruments that allow the securities to be put one day or with seven days' notice, depending on the security.

C. Deposit and Investment Risk Factors

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

i.) Credit Risk

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

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

ii.) Custodial Credit Risk

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

iii.) Concentration of Credit Risk

Concentration of credit risk is the risk associated with lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory or credit developments. Investments in issuers that represent 5 percent or more of total cash and investments at June 30, 2014 and 2013 are as follows:

	2014	2013
Federal Home Loan Bank (FHLB)	44%	28%
Federal National Mortgage Association	6%	14%
Federal Home Loan Mortgage Corporation	16%	25%

iv.) Interest Rate Risk

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

MTC holds $94.1 million in investments tied to floating rate benchmarks. The rate on the investment will reset on the LIBOR (London Interbank Offering Rate) or Federal funds indices.

Investment	Par Value	Structure	Final Maturity
FFCB	$10 million	1 mo LIBOR+(net) 2 bps to maturity	11/16
FFCB	$20 million	1 mo LIBOR+(net) 2.5 bps to maturity	09/15
FNMA	$39 million	1 mo LIBOR +(net) 2 bps to maturity	08/16
GECC	$3.6 million	3 mo LIBOR +(net) 75 bps to maturity	01/15
GECC	$3.5 million	3 mo LIBOR + (net) 38 bps to maturity	07/15
IBM	$10 million	3 mo LIBOR+(net) 3 bps to maturity	07/15
WFC	$8 million	3 mo LIBOR+(net) 92 bps to maturity	06/15

MTC's investment portfolio consists of some variable rate demand obligations (VRDOs). VRDOs have liquidity instruments that allow the securities to be put back to the bank either with one day or with seven days' notice, depending on the security, and there is no significant risk of market value loss. Interest rates on the securities are reset daily or weekly and will fluctuate with the market at any given time.

The weighted average maturities of MTC's Government Sponsored Enterprises (GSE) securities (expressed in number of years) at June 30, 2014 and 2013 are as follows:

	2014	2013
Government-sponsored enterprises		
Federal Home Loan Bank	0.60	0.77
Federal Farm Credit Bank	1.60	1.51
Federal Home Loan Mortgage Corporation	1.35	0.32
Federal National Mortgage Association	0.78	0.81

4. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2014 is as follows:

Governmental activities	Beginning Balance July 1, 2013	Increases	Decreases	Ending Balance June 30, 2014
Capital assets, not being depreciated:				
Office furniture and equipment	$ 109,578	$ -	$ (109,578)	$ -
Total capital assets, not being depreciated	109,578	-	(109,578)	-
Capital assets, being depreciated:				
Buildings and improvements	12,774,203	-	-	12,774,203
Office furniture and equipment	2,513,239	527,516	(217,915)	2,822,840
Leased equipment	266,638	-	-	266,638
Automobiles	58,037	-	-	58,037
Total capital assets being depreciated	15,612,117	527,516	(217,915)	15,921,718
Less accumulated depreciation for:				
Buildings and improvements	7,018,485	645,257	-	7,663,742
Office furniture and equipment	2,237,083	154,821	(201,892)	2,190,012
Leased equipment	137,763	53,328	-	191,091
Automobiles	58,037	-	-	58,037
Total accumulated depreciation	9,451,368	853,406	(201,892)	10,102,882
Total capital assets, being depreciated, net	6,160,749	(325,890)	(16,023)	5,818,836
Governmental activities capital assets, net	$ 6,270,327	$ (325,890)	$ (125,601)	$ 5,818,836

Business-type activities	Beginning Balance July, 1 2013	Increases	Decreases	Ending Balance June 30, 2014
Capital assets, not being depreciated:				
Office furniture and equipment	$ 8,099	$ 2,091,616	$ (8,099)	$ 2,091,616
Intangible assets	890,000	3,638,476	-	4,528,476
Call boxes	1,153,511	19,795	(346,947)	826,359
Total capital assets, not being depreciated	2,051,610	5,749,887	(355,046)	7,446,451
Capital assets, being depreciated:				
Office furniture and equipment	14,091,218	1,680,674	-	15,771,892
Building and improvements	3,134,200	-	-	3,134,200
Automobiles	147,431	-	-	147,431
Intangible assets	13,960,940	1,153,231	-	15,114,171
Call boxes	11,400,979	346,947	(1,284,145)	10,463,781
Total capital assets being depreciated	42,734,768	3,180,852	(1,284,145)	44,631,475
Less accumulated depreciation for:				
Office furniture and equipment	5,581,790	1,916,272	-	7,498,062
Building and improvements	1,000,212	130,420	-	1,130,632
Automobiles	124,743	13,515	-	138,258
Intangible assets	4,895,367	2,345,875	-	7,241,242
Call boxes	10,072,440	238,591	(1,274,144)	9,036,887
Total accumulated depreciation	21,674,552	4,644,673	(1,274,144)	25,045,081
Total capital assets, being depreciated, net	21,060,216	(1,463,821)	(10,001)	19,586,394
Business-type activities capital assets, net	$ 23,111,826	$ 4,286,066	$ (365,047)	$ 27,032,845

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

Governmental activities:	
General government	$ 853,406
Total depreciation expense - governmental activities	$ 853,406
Business-type activities:	
Toll bridge	$ 4,343,444
Congestion relief	301,229
Total depreciation expense - business-type activities	$ 4,644,673

A summary of changes in capital assets for the year ended June 30, 2013 is as follows:

Governmental activities	**Beginning Balance July, 1 2012**	**Increases**	**Decreases**	**Ending Balance June 30, 2013**
Capital assets, not being depreciated:				
Construction in progress	-	-	-	-
Office furniture and equipment	$ -	$ 109,578	$ -	$ 109,578
Total capital assets, not being depreciated	-	109,578	-	109,578
Capital assets, being depreciated:				
Buildings and improvements	12,774,203	-	-	12,774,203
Office furniture and equipment	2,719,691	39,122	(245,574)	2,513,239
Leased equipment	266,638	-	-	266,638
Automobiles	138,454	-	(80,417)	58,037
Total capital assets being depreciated	15,898,986	39,122	(325,991)	15,612,117
Less accumulated depreciation for:				
Buildings and improvements	6,371,263	647,222	-	7,018,485
Office furniture and equipment	2,403,952	78,705	(245,574)	2,237,083
Leased equipment	84,435	53,328	-	137,763
Automobiles	138,454	-	(80,417)	58,037
Total accumulated depreciation	8,998,104	779,255	(325,991)	9,451,368
Total capital assets being depreciated, net	6,900,882	(740,133)	-	6,160,749
Governmental activities capital assets, net	$ 6,900,882	$ (630,555)	$ -	$ 6,270,327

Business-type activities	**Beginning Balance July, 1 2012**	**Increases**	**Decreases**	**Ending Balance June 30, 2013**
Office furniture and equipment	$ 836,629	$ 8,099	$ (836,629)	$ 8,099
Intangible assets	5,829,074	890,000	(5,829,074)	890,000
Call boxes	1,227,568	-	(74,057)	1,153,511
Total capital assets, not being depreciated	7,893,271	898,099	(6,739,760)	2,051,610
Capital assets, being depreciated:				
Office furniture and equipment	7,293,219	6,797,999	-	14,091,218
Building and improvements	3,134,200	-	-	3,134,200
Automobiles	147,431	-	-	147,431
Intangible assets	6,849,078	7,111,862	-	13,960,940
Call boxes	11,513,772	83,753	(196,546)	11,400,979
Total capital assets being depreciated	28,937,700	13,993,614	(196,546)	42,734,768
Less accumulated depreciation for:				
Office furniture and equipment	4,096,485	1,485,305	-	5,581,790
Building and improvements	869,792	130,420	-	1,000,212
Automobiles	93,687	31,056	-	124,743
Intangible assets	2,568,038	2,327,329	-	4,895,367
Call boxes	10,010,665	258,304	(196,529)	10,072,440
Total accumulated depreciation	17,638,667	4,232,414	(196,529)	21,674,552
Total capital assets, being depreciated, net	11,299,033	9,761,200	(17)	21,060,216
Business-type activities capital assets, net	$ 19,192,304	$ 10,659,299	$ (6,739,777)	$ 23,111,826

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

Governmental activities:	
General government	$ 779,255
Total depreciation expense - governmental activities	$ 779,255
Business-type activities:	
Toll bridge	$ 3,900,766
Congestion relief	331,648
Total depreciation expense-business-type activities	$ 4,232,414

5. LONG-TERM DEBT

BATA issued Toll Revenue Bonds in September 2012, October 2012, December 2012, January 2013, May 2013, June 2013 and August 2013 to (i) fund capital projects, (ii) make a cash deposit to the Reserve fund and (iii) pay costs incurred with the issuance of the bonds, and (iv) defease or refund bonds.

In October 2012, BATA completed one advance refunding of $907,525,000. The 2012 Series F-1 bond transaction consisted of a defeasance of $842,425,000 of the 2006 Series F Bonds and $228,250,000 of the 2007 Series F Bonds. The proceeds from the transaction and a portion of funds released from the Senior Reserve Fund were deposited into the Escrow fund held by the Trustee. The Trustee used the funds on deposit to purchase certain non-callable senior Government Obligations that will be used to pay the interest and redemption of the Refunded Bonds on or prior to the redemption dates. The transaction provided an economic gain of $66,319,512.

The 2012 Series F-1 bonds were recorded as an advance refunding in-substance defeasance in accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities,* as amended by paragraph 5 and 6 of Statement No. 65, *Items Previously Reported as Assets and Liabilities.*

BATA reoffered a total of $1,050,000,000 of Senior Toll Bridge Revenue Bonds in fiscal year 2013. The variable rate demand bond balance is $403,940,000 in fiscal year 2014. Refer to the Variable Rate Demand Bonds section below.

The term/index rate bond series are detailed as follows:

Series	Par	Term/ Index Rate	Effective Date	Maturity Date
2006 Series C2	100,000,000	1.45%	9/4/2012	8/1/2017
2006 Series C3	25,000,000	1.45%	9/4/2012	8/1/2017
2006 Series C4	25,000,000	1.45%	9/4/2012	8/1/2017
2008 Series D1	155,000,000	67% of 3-month LIBOR plus 0.80%	9/4/2012	8/1/2017
2007 Series A1	50,000,000	SIFMA Swap Index plus 0.70 %	12/20/2012	10/1/2019
2007 Series E3	100,000,000	SIFMA Swap Index plus 0.70 %	12/20/2012	10/1/2019
2008 Series B1	110,000,000	SIFMA Swap Index plus 1.10 %	12/20/2012	4/1/2024
2008 Series G1	50,000,000	SIFMA Swap Index plus 1.10 %	12/20/2012	4/1/2024
2001 Series A	150,000,000	SIFMA Swap Index plus 1.25 %	1/10/2013	4/1/2027
2006 Series C1	125,000,000	SIFMA Swap Index plus 0.90 %	5/1/2013	5/1/2023
2008 Series A1	110,000,000	SIFMA Swap Index plus 0.90 %	5/1/2013	5/1/2023
2007 Series C1	50,000,000	SIFMA Swap Index plus 0.90 %	6/3/2013	5/1/2023

In August 2013 of fiscal year 2014, BATA issued $900,000,000 2013 Series S-4 fixed rate Subordinate Toll Bridge Revenue Bonds.

Variable Rate Demand Bonds:

BATA has a remaining principal balance of $403,940,000 in Variable Rate Demand Bonds in fiscal year 2014. The Variable Rate Demand Bonds are backed by various Letter of Credit providers and are reset at a Weekly Rate by various remarketing agents. The Variable Rate Demand Bonds series are detailed as follows:

Series	Par Amount	Letter of Credit Provider	Short Term Rating (S&P, Moody's /Fitch)	Remarketing Agent
2007 Series A2	$75,000,000	Union Bank, N.A.	A1/P1/F1	JP Morgan Securities, LLC
2007 Series B2	$75,000,000	JP Morgan Chase Bank, N.A.	A1/P1/F1	Citigroup Global Markets Inc.
2007 Series C2	$25,000,000	Union Bank, N.A.	A1/P1/F1	Stifel, Nicolaus & Company, Inc.
2007 Series D2	$100,000,000	JP Morgan Chase Bank, N.A.	A1/P1/F1	Merrill Lynch, Pierce, Fenner & Smith Inc.
2007 Series G1	$50,000,000	JP Morgan Chase Bank, N.A.	A1/P1/F1	Barclays Capital Inc.
2008 Series C1	$25,000,000	Union Bank, N.A.	A1/P1/F1	Stifel, Nicolaus & Company, Inc.
2008 Series E1	$53,940,000	Bank of Tokyo-Mitsubishi	A1/P1/F1	Morgan Stanley & Co. Inc.

New Letters of Credit have been executed and will be effective on October 16, 2014, prior to the October 31, 2014 expiration of the current Letters of Credit.

Component Unit - BAIFA

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

In November 2013, BAIFA exercised its early bond redemption option of $84,550,000. The remaining $240,720,000 SPANs were extinguished by placing $252,601,084 into an irrevocable escrow account to effectively defease the balance of the principal and interest of SPANs. This transaction resulted in a net present value savings of $35,581,152.

The accounting of the debt extinguishment was recorded in accordance with GASB 62, paragraph 126. As a result, there was a $7,614,552 gain on extinguishment of debt which was recorded as nonoperating revenue. More information is presented in Note 1.N.

A summary of changes in long-term debt for the year ended June 30, 2014 is as follows:

Business-type activities

	Issue Date	Interest Rate		Calendar Year Maturity	Original Amount	Beginning Balance July 1, 2013	Additions	Reductions	Ending Balance June 30, 2014	Due Within One Year
2001 Revenue Bond Series A	5/24/2001	3.72%	(2)	2036	$ 150,000,000	$ 150,000,000	$ -	$ -	$ 150,000,000	$ -
2006 Revenue Bond Series C	2/8/2006	3.71%	(2)	2045	275,000,000	275,000,000	-	-	275,000,000	-
2006 Revenues Bond Series F	4/25/2006	4.63%	(1)	2016	1,149,205,000	107,195,000	-	(34,145,000)	73,050,000	35,675,000
2007 Revenue Bond Series F	5/15/2007	4.92%	(1)	2018	310,950,000	66,820,000	-	(8,200,000)	58,620,000	8,580,000
2007 Revenue Bond Series (A1, C1, G1)	5/15/2007	3.71%	(2)	2047	150,000,000	150,000,000	-	-	150,000,000	-
2007 Revenue Bond series (A2-D2, E3)	10/25/2007	3.71%	(2)	2047	375,000,000	375,000,000	-	-	375,000,000	-
2008 Revenue Bonds Series (A1- E1, G1)	6/5/2008	3.71%	(2)	2045	507,760,000	507,760,000	-	(3,820,000)	503,940,000	3,940,000
2008 Revenue Bond Series F1	8/28/2008	5.13%	(1)	2047	707,730,000	707,730,000	-	-	707,730,000	-
2009 Revenue Bond Series F1	8/20/2009	5.14%	(1)	2044	768,720,000	768,720,000	-	-	768,720,000	-
2009 Revenue Bond Series F2 (BABs)	11/5/2009	4.07%	(1,3)	2049	1,300,000,000	1,300,000,000	-	-	1,300,000,000	-
2010 Revenue Bond Series S1 (BABs)	7/1/2010	4.53%	(1,3)	2050	1,500,000,000	1,500,000,000	-	-	1,500,000,000	-
2010 Revenue Bond Series S2	11/4/2010	4.98%	(1)	2050	410,000,000	410,000,000	-	-	410,000,000	-
2010 Revenue Bond Series S3 (BABs)	11/4/2010	4.49%	(1,3)	2050	475,000,000	475,000,000	-	-	475,000,000	-
2012 Revenue Bond Series F1	10/23/2012	4.65%	(1)	2031	907,525,000	907,525,000	-	-	907,525,000	-
2013 Revenue Bond Series S4	8/6/2013	5.11%	(1)	2053	900,000,000	-	900,000,000	-	900,000,000	-
					$ 9,886,890,000	$ 7,700,750,000	$ 900,000,000	$ (46,165,000)	$ 8,554,585,000	$ 48,195,000
Unamortized bond premium /discount						176,325,576	(6,012,702)	(13,792,299)	156,520,575	
Net long-term debt as of June 30, 2014						$ 7,877,075,576	$ 893,987,298	$ (59,957,299)	$ 8,711,105,575	
Component Unit-BAIFA 2006 SPANs	12/14/2006			2017	$ 972,320,000	$ 325,270,000	$ -	$ (325,270,000) (4)	$ -	
Unamortized bond premium						22,625,661	-	(22,625,661)	-	
Net long-term debt as of June 30, 2014						$ 347,895,661	$ -	$ (347,895,661)	$ -	

(1) Interest rates on fixed rate bonds are calculated on weighted outstanding coupon rates.
(2) Total variable rate bonds of $1,453,940,000 hedged with $1,440,000,000 notional swaps; as such the weighted swap and unhedged variable rate bond are presented. VRDBs are presented as long term debt in accordance with GASB Interpretation No. 1 as MTC has liquidity commitments.
(3) Federal Taxable Build America Bonds.
(4) Optional redemption payment of $84,550,000 and bond extinguishment of $240,720,000 in November 2013.

A summary of changes in long-term debt for the year ended June 30, 2013 is as follows:

Business-type activities	Issue Date	Interest Rate		Calendar Year Maturity	Original Amount	Beginning Balance July 1, 2012		Additions		Reductions		Ending Balance Ending Balance	Due Within One Year
2001 Revenue Bond Series A	5/24/2001	4.10%	(2)	2036	$ 150,000,000	$ 150,000,000	(5)	$ -		$ -		$ 150,000,000	$ -
2006 Revenue Bond Series C	2/8/2006	3.71%	(2)	2045	275,000,000	275,000,000	(6)	-		-		275,000,000	-
2006 Revenue Bond Series F	4/25/2006	4.58%	(1)	2016	1,149,205,000	982,250,000		-		(875,055,000)	(12)	107,195,000	34,145,000
2007 Rev Bond Ser(A1,C1,G1)	5/15/2007	3.71%	(2)	2047	150,000,000	150,000,000	(7)	-		-		150,000,000	-
2007 Revenue Bond Series F	5/15/2007	4.88%	(1)	2018	310,950,000	302,980,000		-		(236,160,000)	(12)	66,820,000	8,200,000
2007 Rev Bond Ser(A2-D2,E3)	10/25/2007	3.71%	(2)	2047	375,000,000	375,000,000	(8)	-		-		375,000,000	-
2008 Revenue Bond Series(A1-E1, G1)	6/5/2008	3.71%	(2)	2045	507,760,000	507,760,000	(9,10)	-		-		507,760,000	3,820,000
2008 Revenue Bond Series F1	8/28/2008	5.13%	(1)	2047	707,730,000	707,730,000		-		-		707,730,000	-
2009 Revenue Bond Series F1	8/20/2009	5.14%	(1)	2044	768,720,000	768,720,000		-		-		768,720,000	-
2009 Revenue Bond Series F2 (BABs)	11/5/2009	4.07%	(1,4)	2049	1,300,000,000	1,300,000,000		-		-		1,300,000,000	-
2010 Revenue Bond Series S1 (BABs)	7/1/2010	4.53%	(1,4)	2050	1,500,000,000	1,500,000,000		-		-		1,500,000,000	-
2010 Revenue Bond Series S2	11/4/2010	4.98%	(1)	2050	410,000,000	410,000,000		-		-		410,000,000	-
2010 Revenue Bond Series S3 (BABs)	11/4/2010	4.49%	(1,4)	2050	475,000,000	475,000,000		-		-		475,000,000	-
2012 Revenue Bond Series F1	10/23/2012	4.65%	(1)	2031	907,525,000	-		907,525,000	(12)	-		907,525,000	-
					$ 8,986,890,000	$ 7,904,440,000		$ 907,525,000		$ (1,111,215,000)		$ 7,700,750,000	$ 46,165,000
Unamortized bond premium /discount						78,710,597		154,102,083		(56,487,104)		176,325,576	
Net long-term debt as of June 30, 2013						$ 7,983,150,597		$ 1,061,627,083		$ (1,167,702,104)		$ 7,877,075,576	
Component Unit-BAIFA 2006 SPANs	12/14/2006	5.00%	(3)	2017	$ 972,320,000	$ 540,720,000		$ -		$ (215,450,000)	(11)	$ 325,270,000	$ -
Unamortized bond premium						27,725,707		-		(5,100,046)		22,625,661	-
Net long-term debt as of June 30, 2013						$ 568,445,707		$ -		$ (220,550,046)		$ 347,895,661	$ -

(1) Interest rates on fixed rate bonds are calculated on weighted outstanding coupon rates.
(2) Total variable rate demand bonds (VRDBs) of $1,457,760,000 hedged with $1,440,000,000 notional swaps; as such the weighted swap and unhedged variable rate bond is presented. VRDBs are presented as long term debt in accordance with GASB Interpretation No. 1 as MTC has liquidity commitments. Liquidity agreements with an effective date of November 1, 2010 have been executed with expiration date of 10/31/2014 and are not cancellable by the lender.
(3)2006 Bay Area Infrastructure Financing Authority SPANs were issued as fixed rate bonds with a final maturity of 2017. The bonds carried interest ranging from 4.0% in 2007 to 5.0% in 2017, or weighted outstanding coupon rate of 5.0%.
(4) Federal Taxable Build America Bonds
(5) The 2001 Series A Bonds were reoffered on 1/10/13 and converted from a Weekly Rate to a SIFMA Index Rate plus fixed spread.
(6) The 2006 Series C-2, C-3 and C-4 Bonds were reoffered on 9/4/12 and converted from a Weekly Rate to a Term Rate, Series C-1 Bonds were reoffered on 5/1/13 and converted from a Weekly Rate to a SIFMA Index Rate plus a fixed spread.
(7) The 2007 Series A-1 and C-1 Bonds were reoffered on 12/2/0/12 and 6/3/13 respectively and converted from a Weekly Rate to a SIFMA Index Rate plus a fixed spread.
(8) The 2007 Series E-3 Bonds were reoffered on 12/20/12 and converted from a Weekly Rate to a SIFMA Index Rate plus a fixed spread.
(9) /The 2008 Series D-1 Bonds were reoffered on 9/4/12 and converted from a Weekly Rate to a 67% of 3-month Libor Index Rate plus a fixed spread.
(10) The 2008 Series B-1 and G-1 Bonds were reoffered on 12/20/12 and A-1 Bonds were reoffered on 5/1/13. These were converted from a Weekly Rate to a SIFMA Index Rate plus a fixed spread.
(11) Optional redemption payment of $215,450 million.
(12) The 2012 Series F Bonds were issued to refund a portion of the Authority's outstanding 2006 Series F Bonds and a portion of the Authority's outstanding 2007 Series F Bonds.

Annual funding requirements

The annual funding requirements (principal and interest) for the debt outstanding of the business-type activities at June 30, 2014 are as follows:

Business-type activities

Fiscal Year Ending	Principal Payments	Interest Payments	Total Payments
2015	$ 48,195,000	$ 387,649,620	$ 435,844,620
2016	56,915,000	389,617,278	446,532,278
2017	54,835,000	388,324,972	443,159,972
2018	55,760,000	382,249,929	438,009,929
2019	58,065,000	379,631,120	437,696,120
2020-2024	528,855,000	1,828,824,319	2,357,679,319
2025-2029	769,280,000	1,661,246,520	2,430,526,520
2030-2034	1,053,740,000	1,445,685,627	2,499,425,627
2035-2039	1,362,230,000	1,187,131,679	2,549,361,679
2040-2044	1,706,865,000	854,735,421	2,561,600,421
2045-2049	2,030,580,000	456,511,438	2,487,091,438
2050-2053	829,265,000	62,574,418	891,839,418
	$ 8,554,585,000	$ 9,424,182,341	$ 17,978,767,341

Bond Covenants – BATA

The Bay Area Toll Authority Senior Toll Bridge Revenue Bonds are payable solely from pledged "Revenue" and all amounts held by the trustee in each fund and account (with exclusions) established under the Master Indenture dated as of May 1, 2001 (the 2001 "Master Indenture"). Pledged "Revenue" and exclusions to the trustee funds and accounts are defined within the Master Indenture. BATA established a Reserve fund under the 2001 Master Indenture.

BATA covenanted in the Master Indenture that no additional bonds shall be issued, unless Net Revenue is greater than 1.5 times of the combined Maximum Annual Debt Service of all outstanding parity bonds. Parity bonds have the same priority of claim or lien against pledged Revenue.

In the fifth supplemental indenture dated February 2006, BATA covenanted to maintain toll revenue at levels that result in Net Revenue greater than 1.2 times Annual Debt Service costs as defined in the Master Indenture. In addition, BATA agreed to maintain tolls at a level where Net Revenue plus the balance in the Operations and Maintenance Fund is at least 1.25 times total "Fixed Costs". BATA also has the legal requirement of maintaining tolls at a level exceeding 1.0 times all fixed costs.

The senior lien bonds issued by BATA are secured by a first lien on all toll revenue.

The Bay Area Toll Authority's Subordinate Toll Bridge Revenue Bonds are payable solely from pledged "Revenue" and all amounts held by the trustee in each fund and account (with exclusions) established under the Subordinate Indenture dated June 1, 2010 (the "2010 Subordinate Indenture"). "Pledged Revenue" and exclusions to the trustee funds and accounts are defined within the 2010 Subordinate Indenture. BATA has established a Reserve fund account under the 2010 Subordinate Indenture.

BATA covenanted in the 2010 Subordinate Indenture that no additional bonds shall be issued unless the Available Revenue equates to greater than 1.2 times of the combined Maximum Annual Debt Service costs of all outstanding parity bonds.

In the first supplemental indenture dated June 2010, BATA covenanted to maintain toll revenue at levels that result in Available Revenue greater than 1.2 times Annual Debt Service costs.

As of June 30, 2014, the current Reserve Requirement and the market valuation of the investment securities in the Debt Service reserves are as follows:

	Reserve Requirement	Market Valuation of Securities
Senior Debt	$317,326,000	$318,743,132
Subordinate Debt	$155,672,538	$156,776,603

The investments in the reserve accounts are valued on April 1 of each year.

BATA covenanted to maintain certain designated reserves:

Designation	Requirement	Required Amount	June 30, 2014
O & M	2x Caltrans budgeted O&M costs	$58 million	$150 million
Extraordinary loss	BATA/Caltrans Coop Agreement	$50 million O/S	$50 million
BATA designation:			
Rehab reserve	2x Rehab budget ($60m/yr)	$120 million	$120 million
Variable rate risk reserve	BATA designation	$60 million	$100 million
Project reserve	BATA designation	$580 million	$580 million

Bond Covenants – BAIFA

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

BAIFA defeased the remaining SPANs in fiscal year 2014. More information is presented in Note 1.N.

Derivative Instruments

The fair value of the hedged and investment derivatives in a payable to the counterparty's position was ($365,154,148) and ($345,115,507) at June 30, 2014 and June 30, 2013 respectively, and recorded in the Statement of Net Position as a liability. The fair value of the hedged derivatives in a due from the counterparty position was $5,662,835 and $12,619,827 at June 30, 2014 and June 30, 2013, respectively, and recorded in the Statement of Net Position as an asset. The change in the hedging derivative liabilities was recorded as deferred outflows of $281,986,770 and $267,200,597 at June 30, 2014 and June 30, 2013 respectively. The change in the hedging derivative assets from June 30, 2013 to June 30, 2014 of $6,956,992 resulted in a deferred inflows of $5,662,835 at June 30, 2014. The change in hedging derivative assets from June 30, 2012 to June 30, 2013 of $14,662,733 resulted in a deferred outflows of $12,619,827 at June 30, 2013. This left a balance in the investment derivatives of $83,167,378 and $77,914,910 for June 30, 2014 and June 30, 2013 respectively. The change in the hedging derivative assets from June 30, 2012 to June 30, 2013 of $14,662,733 resulted in a deferred outflows of $12,619,827 at June 30, 2013. The change in investment derivatives of $5,252,468 decrease and $50,686,311 increase for fiscal year 2014 and fiscal year 2013, respectively, was recorded as an offset to investment income. See Note 1.T. for further details.

Voluntary cancellation of any or all of the swap transactions is subject to a fair market value calculation at the time of termination. The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2014 classified by type, and the changes in fair value of such derivative instruments since June 30, 2013 as reported in the financial statements are as follows:

	Decrease in Fair Value since June 30, 2013		Fair Value at June 30, 2014		
Business-type Activities	**Classification**	**Amount**	**Classification**	**Amount**	**Notional**
Cash flow hedges:					
Pay-fixed interest rate swap	Deferred Outflows of Resources	$ (14,786,173)	Noncurrent Liabilities	$ (281,986,770)	$ 1,076,000,000
Pay-fixed interest rate swap	Investment Income	5,252,468	Noncurrent Liabilities	(83,167,378)	364,000,000
Fair Value hedges:					
Receive-fixed interest swap	Deferred Inflows of Resources, net	6,956,992	Noncurrent Assets	5,662,835	484,145,000

There were no changes in fiscal year 2014 as to the effectiveness of the swaps from the prior year.

Objective and Terms of Hedging Derivative Instruments

BATA enters into interest rate swaps as a means of managing its exposure to variations in interest rates and to minimize interest expense. Management is aware that swap transactions contain certain associated risks not traditionally associated with fixed-rate issues, particularly the risk of counterparty default. However, management has structured the transactions with reasonable safeguards, including downgrade and collateral provisions required of all counterparties, as well as management's unilateral ability to cancel any transaction with 15 days' notice.

The following tables display the terms of the derivative instruments outstanding along with the credit rating as of June 30, 2014 of the associated counterparty as well as the fair value of the derivative instruments.

	Standard & Poor's	Moody's
Bank of America, N.A.	A	A2
The Bank of New York Mellon	AA-	Aa2
Citibank, N.A.	A	A2
Wells Fargo N.A.	AA-	Aa3
Goldman Sachs Mitsui Marine Derivative Products LP	AAA	Aa2
JP Morgan Chase Bank, N.A.	A+	Aa3
Morgan Stanley Capital Services LLC	A-	Baa2

Amortized Notional Value	Counterparty	Fixed Payer Rate[A]	Value due from / (to) counterparty June 30, 2014	Value due from / (to) counterparty June 30, 2013
$75 million	Wells Fargo Bank, N.A.	4.10%	$ (23,394,400)	$ (22,751,617)
$75 million	Morgan Stanley Capital Services LLC	3.34%[B]	(21,837,891)	(22,637,576)
$110 million	Wells Fargo Bank, N.A.	3.64%	(22,854,076)	(21,439,303)
$30 million	Bank of America, N.A.	3.63%	(7,798,222)	(7,312,403)
$115 million	Citibank, N.A. New York	3.64%	(23,892,833)	(22,413,757)
$245 million	JP Morgan Chase Bank, N.A.	4.00%	(69,776,288)	(65,361,186)
$50 million	Bank of America, N.A.	3.63%	(13,248,639)	(12,397,670)
$260 million	Citibank, N.A. New York	3.64%	(55,298,514)	(51,805,524)
$125 million	Bank of America, N.A.	3.64%	(32,675,984)	(30,641,523)
$60 million	Goldman Sachs Mitsui Marine Derivative Products, L.P.	3.64%	(15,684,472)	(14,707,931)
$85 million	Goldman Sachs Mitsui Marine Derivative Products, L.P.	3.64%	(22,673,944)	(21,220,112)
$170 million	The Bank of New York Mellon	3.64%	(45,347,594)	(42,439,972)
$40 million	The Bank of New York Mellon	3.64%	(10,671,291)	(9,986,933)
	Total Fixed Payer Swap		(365,154,148)	(345,115,507)
		Fixed Receiver Rate[C]		
$139.1 million[D]	JP Morgan Chase Bank, N.A.[D]	3.71%	-	3,774,252
$137.7 million[D]	Wells Fargo Bank, N.A.[D]	3.10%	282,976	-
$146.4 million	The Bank of New York Mellon	3.25%[E]	770,550	3,933,317
$40 million	Bank of America, N.A.	3.55%[F]	1,058,784	909,037
$160 million	Bank of America, N.A.	3.40%[G]	3,550,525	4,003,221
	Total Fixed Receiver Swap		5,662,835	12,619,827
	Total Derivative Instrument - Fair Value		$ (359,491,313)	$ (332,495,680)

(A) BATA paying fixed rate receiving variable rate based on LIBOR index
(B) Fixed rate 3.34% effective from 1/1/2014 through 12/31/2016. Fixed rate will change to 4.09% thereafter through maturity
(C) BATA receiving fixed rate paying variable rate based on SIFMA index
(D) Effective 4/1/2014
(E) Fixed rate amended from 3.79% to 3.25%
(F) Fixed rate amended from 3.76% to 3.55%
(G) Fixed rate amended from 3.70% to 3.40%

The termination value, or fair market value, BATA would pay to terminate all swaps on a voluntary basis is $365 million and $345 million on June 30, 2014 and June 30, 2013, respectively, and BATA would receive $6 million and $13 million on June 30, 2014 and June 30, 2013, respectively. The fair value was determined by an independent outside pricing service. BATA's intent, however, is to maintain the swap transactions for the life of the financing, notwithstanding market opportunities to restructure.

In April 2011, BATA amended the swap with JP Morgan Chase Bank, N.A. AAA Enhanced ISDA from receiving a 10-year LIBOR percentage of a CMS fixed payer swap to a 75.108% of a one-month LIBOR. The value of the amendment to BATA was $21,850,000. This payment was reported in deferred revenue and is being amortized over the life of the swap. The swap's notional amount remains unchanged at $245 million but the counterparty was also amended to JP Morgan Chase Bank, N.A. from JP Morgan Chase Bank, N.A. AAA Enhanced ISDA.

JP Morgan Chase Bank N.A. exercised its termination option on its fixed receiver SIFMA swap as of April 1, 2014. No termination payment was received by either party. Wells Fargo Bank, N.A. replaced

JP Morgan Chase Bank, N.A. as the counterparty to the swap. The remaining counterparties to the SIFMA swaps extended their cancellation option and amended the swap rates with the notional amounts unchanged. The counterparties to the SIFMA swaps are Bank of America, N.A. for $200 million, The Bank of New York Mellon for $146.4 million, and Wells Fargo Bank, N.A. for $137.7 million. The amended fixed rates BATA will receive from the counterparties range from 3.1% to 3.55%. Each counterparty has a right, but not the obligation, to terminate the swaps on April 1, 2018.

The swap contracts address credit risk by requiring the counterparties to post collateral if: 1) a counterparty's credit rating is equal to "A-", "A", or "A+" as determined by S&P or is equal to "A3", "A2", or "A1" by Moody's and the market value of its swaps exceeds $10 million, payable to BATA; or 2) a counterparty's credit rating is below "A-" as determined by S&P or "A3" as determined by Moody's.

As a result of the Moody's downgrade of Morgan Stanley Capital Services LLC (MSCS) in June 2012, a ratings-related termination was triggered when its long term rating was downgraded to Baa1. In January 2014, BATA entered into an agreement with MSCS to revise the ratings trigger for termination to a reduction in MSCS rating below "BBB-/Baa3" as determined by S&P/ Moody's respectively, in exchange for a fixed reduction in the interest payment payable by BATA. The reduced rate of 3.34% from 4.09% is effective for a three-year period from January 1, 2014 to, but excluding, January 1, 2017. Effective January 1, 2017, the fixed rate will revert to 4.09% for the remainder of the term.

As of June 30, 2014, none of the counterparties was required to post collateral with a third party safekeeping agent. The Debt and Swap Payment Tables that follow show the total interest cost of the swap payments. The total cost is determined by calculating the fixed rate payment to the counterparty, netting the variable rate payment received from the counterparty, total variable bond interest payments to bondholders, plus any associated administrative costs associated with the swap and variable rate obligations.

Debt and Swap Payments Tables

As of June 30, 2014, debt service requirements of the SIFMA Index rate debt and net swap payments for 2001 Series A effective January 14, 2002 and May 2, 2011 and January 1, 2014, are as follows:

Payment Date	Notional Amortization	Variable Interest[B]	Interest Rate Swaps, Net[C]	Total Payment
4/1/2015	$ -	$ 1,965,000	$ 5,433,000	$ 7,398,000
4/1/2016	-	1,965,000	5,433,000	7,398,000
4/1/2017	-	1,965,000	5,433,000	7,398,000
4/1/2018	-	1,965,000	5,433,000	7,398,000
4/1/2019	-	1,965,000	5,433,000	7,398,000
4/1/2020-2036	150,000,000	26,664,660	76,916,792	103,581,452
	$ 150,000,000	$ 36,489,660	$ 104,081,792	$ 140,571,452

As of June 30, 2014, debt service requirements of the Term rate debt for 2006 Series C2 - C4, the weekly rate debt for 2007 Series A2 - D2, the SIFMA index rate for 2006 Series C1 and 2007 Series E3, the prorated portion of the weekly rate debt for 2008 Series E1, and net swap payments for 2006 Swap Series, effective February 8, 2006, August 28, 2008, September 2, 2008, April 1, 2011, and March 1, 2012 are as follows:

Payment Date	Notional Amortization	Variable Interest[B (1)]	Interest Rate Swaps, net[C]	Remarketing and Liquidity[E]	Total Payment
4/1/2015	$ -	$ 4,274,000	$ 23,465,206	$ 3,487,500	$ 31,226,706
4/1/2016	-	4,272,977	23,465,206	3,458,739	31,196,922
4/1/2017	-	4,272,977	23,465,206	3,458,739	31,196,922
4/1/2018	-	2,187,977	23,465,206	5,146,239	30,799,422
4/1/2019	-	2,187,977	23,465,206	5,146,239	30,799,422
4/1/2020-2047	685,000,000	12,019,213	471,727,606	153,779,661	637,526,480
	$685,000,000	$ 29,215,121	$589,053,636	$ 174,477,117	$792,745,874

As of June 30, 2014, debt service requirements of the weekly rate debt for 2007 Series G1 and 2008 Series C1, the prorated portion of the weekly rate debt for 2008 Series E1, the SIFMA index rate debt for 2007 Series A1 and C1, and 2008 Series A1, B1, and G1, the LIBOR index rate date for 2008 Series D1, and net swap payments for 2007 Swap Series, effective November 1, 2007, August 28, 2008, and September 2, 2008, are as follows:

Payment Date	Notional Amortization	Variable Interest[B (2)]	Interest Rate Swaps, net[C]	Remarketing and Liquidity[E]	Total Payment
4/1/2015	$ -	$ 5,286,082	$ 19,502,211	$ 900,000	$ 25,688,293
4/1/2016	-	5,285,946	19,502,211	896,163	25,684,320
4/1/2017	-	5,285,946	19,502,211	896,163	25,684,320
4/1/2018	-	3,899,364	19,502,211	2,639,913	26,041,488
4/1/2019	-	3,899,364	19,502,211	2,639,913	26,041,488
4/1/2020-2047	605,000,000	21,679,188	419,585,073	122,579,204	563,843,465
	$605,000,000	$ 45,335,890	$517,096,128	$ 130,551,356	$692,983,374

As of June 30, 2014, debt service requirements of the fixed rate debt and net swap payments for 2008 Series F, effective April 1, 2014 are as follows:

Payment Date	Notional Amortization	Fixed Interest[G (3)]	Interest Rate Swaps, net[C]	Total Payment
4/1/2015	$ 1,500,000	$ 24,815,091	$ (15,594,310)	$ 9,220,781
4/1/2016	1,700,000	24,815,091	(15,545,995)	9,269,096
4/1/2017	1,500,000	24,815,091	(15,491,238)	9,323,853
4/1/2018	1,600,000	24,815,091	(15,442,923)	9,372,168
4/1/2019	1,600,000	24,815,091	(15,391,387)	9,423,704
4/1/2020-2047	476,245,000	486,667,044	(316,400,756)	170,266,288
	$ 484,145,000	$ 610,742,499	$ (393,866,609)	$ 216,875,890

(1) Variable outstanding par $685 million
(2) Variable outstanding adjusted to $605 million to match swap
(3) Fixed outstanding par $707.73 million, but adjusted to $485.145 million to match swap

The table below summarizes total swap costs as of June 30, 2014.

	Series 2001 Bonds[A H]	Series 2006 Weekly Reset	Series 2006 Index[I]	Series 2006 Term[J]
Interest Rate Swap				
Fixed payment to counterparty	3.72%	3.77%	3.77%	3.77%
LIBOR percentage of payments[D]	(0.10)%	(0.34)%	(0.34)%	(0.34)%
Net Interest rate swap payments[C]	3.62%	3.43%	3.43%	3.43%
Variable rate bond coupon payments[B]	1.31%	0.04%	0.87%	1.45%
Synthetic interest rate on bonds	4.93%	3.47%	4.30%	4.88%
Remarketing/liquidity fee[E]	0.00%	1.13%	0.00%	0.00%
Total Cost	4.93%	4.60%	4.30%	4.88%

	Series 2007 Weekly Reset	Series 2007 Index[K]
Interest Rate Swap		
Fixed payment to counterparty	3.63%	3.63%
LIBOR percentage of payments[D]	(0.41)%	(0.41)%
Net Interest rate swap payments[C]	3.22%	3.22%
Variable rate bond coupon payments[B]	0.04%	1.00%
Synthetic interest rate on bonds	3.26%	4.22%
Remarketing/liquidity fee[E]	1.13%	0.00%
Total Cost	4.39%	4.22%

	Series 2008 Bonds
Interest Rate Swap	
Fixed payment from CP[L]	(3.28)%
SIFMA[F]	0.06%
Net interest rate swap receipts[C]	(3.22)%
Fixed rate bond coupon payments[G]	5.13%
Synthetic interest rate on bonds	1.91%
Fees	0.00%
Total Cost	1.91%

A Converted to 65% one month LIBOR on 1/1/06; $75M of fixed payor rate decreased from 4.09% to 3.34% effective 1/1/2014

B Weighted average variable rate bond reset as of June 2014

C Net payment /(receipt)

D Average LIBOR rates as of June 2014 reset

E Weighted average remarketing/liquidity fees of the weekly rate debt

F SIFMA rate as of June 2014 reset

G Weighted coupon

H Index period for 2001 A ends 4/1/2027, reverts back to SIFMA with remarketing/liquidity fees

I Index period for 2006 C1 ends 5/1/2023 and for 2007 E3 ends 10/1/2019, both revert back to SIFMA with remarketing/liquidity fees

J Term rate period for 2006 C2-C4 ends 8/1/2017, reverts back to SIFMA with remarketing/liquidity fees

K Index period for 2007 A1 ends 10/1/2019, 2007 C1 and 2008 A1 ends 5/1/2023, 2008 B1 and 2008 G1 ends 4/1/2024, and 2008 D1 ends 8/1/2017, all revert back to SIFMA with remarketing / liquidity fees

L Fixed receiver rate decreased from 3.734% to 3.281% effective 4/1/2014

6. LEASES

Capital Leases

MTC's copier equipment is under a capital lease which will expire in fiscal year 2016. The liabilities under this capital lease are recorded at the present value of the minimum lease payments and presented in the government-wide governmental activities under non-current liabilities. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014, are as follows:

Governmental Activities

Year Ending June 30	Amount
2015	$ 59,952
2016	24,980
Total	84,932
Less interest amounts	(2,925)
Present value of net minimum lease payments	$ 82,007

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund transfers as of June 30, 2014, is as follows:

	Transfer In:							
Transfer Out:	**General**	**AB 664 Net Toll Revenue Reserve**	**Rail Reserves**	**Non-Major Governmental Funds**	**MTC Clipper®**	**BATA**	**SAFE**	**Total**
Non-Major	$ 120,516	$ -	$ -	$ -	$ 2,967	$ 140,112	$ 95,217	$ 358,812
Rail Reserves	-	-	-	-	-	150,000	-	150,000
STA	1,224,386	-	-	154,894	16,952,664	-	-	18,331,944
BATA	7,867,224	10,076,167	8,181,267	2,376,097	2,927,563	-	-	31,428,318
SAFE	1,248,918	-	-	-	-	-	-	1,248,918
Total	$ 10,461,044	$ 10,076,167	$ 8,181,267	$ 2,530,991	$ 19,883,194	$ 290,112	$ 95,217	$ 51,517,992

Transfers are used to move revenues from the fund with collection authority to the program fund that accounts for the various projects. These interfund transfers have been eliminated in the government-wide financial statements. The significant transfers are described below:

An amount of $16,952,664 was transferred from STA to MTC-Clipper® to support their operations. An amount of $7,867,224 transferred from BATA to the General fund represents an annual 1% transfer for administration support. The transfer amount from BATA to AB 664, Rail Reserves and Non-Major funds totaling $20,633,531 is the amortization of the deferred revenue for these funds. See note 1.O for further details.

Due to/from other funds

Receivable Fund	Payable Fund	Amount
General	MTC Clipper®	$ 951,929
General	SAFE	73,384
General	STA	46,854
General	Non-Major	1,434
General	BATA	857,340
STA	General	519,154
STA	Non-Major	9,106
STA	MTC Clipper®	4,983,732
Non-Major	General	499,769
MTC Clipper®	STA	2,332,959
MTC Clipper®	BATA	517,315
SAFE	General	1,349,047

Interfund receivables and payables between funds are due to timing differences resulting from when expenditures are incurred and payments are made. These interfund balances have been eliminated in the government-wide financial statement. The significant interfund balances are as follows:

An amount of $1,349,046 represents an advance the General fund received from SAFE to support the 511, Arterial and Freeway Performance Initiative projects. $2,332,959 represents expenses incurred for Clipper® capital, but not yet reimbursed from STA. $4,983,732 represents a payable to STA for excess funds MTC-Clipper® received to support the Clipper® program.

The composition of interfund transfers as of June 30, 2013, is as follows:

	Transfer In:						
Transfer Out:	**General**	**AB 664 Net Toll Revenue Reserve**	**Rail Reserves**	**Non-Major Governmental Funds**	**MTC Clipper®**	**BATA**	**Total**
Non-Major	$ 173,333	$ -	$ -	$ -	$ 87,178	$ -	$ 260,511
Rail Reserves	-	-	-	-	-	390,000	390,000
STA	617,139	-	-	186,684	5,422,569	-	6,226,392
General	-	-	-	-	143,778	-	143,778
BATA	7,056,569	10,487,622	8,515,346	2,705,156	3,674,499	-	32,439,192
SAFE	924,279	-	-	-	-	-	924,279
Total	$ 8,771,320	$ 10,487,622	$ 8,515,346	$ 2,891,840	$ 9,328,024	$ 390,000	$ 40,384,152

Transfers are used to move revenues from the fund with collection authority to the program fund that accounts for the various projects. These interfund transfers have been eliminated in the government-wide financial statement. The significant transfers are described below:

The amounts of $5,422,569 and $3,674,499 were transferred from STA and BATA respectively to MTC-Clipper® to support their operations. An amount of $7,056,570 transferred from BATA to the General fund represents an annual 1% transfer for administration support. The transfer amount from BATA to AB 664, Rail Reserves and Non-Major funds totaling $21,708,124 is the amortization of the deferred revenue for these funds. See note 1.O for further details.

Due to/from other funds

Receivable Fund	**Payable Fund**	**Amount**
General	MTC Clipper®	2,753,842
General	Non-Major	(52,607)
General	BATA	370,939
STA	General	1,254,051
STA	MTC Clipper®	449,102
Non-Major	General	518,369
Non-Major	BATA	154,656
Non-Major	STA	123,058
Non-Major	MTC Clipper®	52,001
MTC Clipper®	Non-Major	84,210
MTC Clipper®	STA	3,216,040
MTC Clipper®	BATA	1,178,872
SAFE	General	1,421,025
BATA	Rail Reserves	5,000,000

Interfund receivables and payables between funds are due to timing differences resulting from when expenditures are incurred and payments are made. These interfund balances have been eliminated in the government-wide financial statements. The significant interfund balances are as follows:

The balance of $2,753,842 represents an advance from the General fund to MTC-Clipper® capital projects. An amount of $1,254,051 represents a payable to STA for excess funds the General fund received to support their projects. $3,216,040 and $1,178,872 represent expenses incurred for MTC-Clipper® , but not yet reimbursed from STA and BATA. $1,421,025 represents an advance the General fund received from SAFE to support the 511 projects. Lastly, $5,000,000 represents a payable from the Rail Reserves to BATA for the BART loan (see Note 10 for explanation).

8. EMPLOYEES' RETIREMENT PLAN

Plan Description

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

The Plan is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by state statutes within the Public Employees' Retirement Law. MTC selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS website or by writing to CalPERS Fiscal Services Division, PO Box 942703, Sacramento, California 94229.

Funding Policy

Members in the Plan are required to contribute a percentage of their annual covered salary, which is established by California State Statute. MTC is also required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its employees. The actuarial methods and assumptions are those adopted and amended by the CalPERS Board of Administration. Pursuant to the Public Employees' Pension Reform Act (PEPRA), which created new benefit formulas, compensation periods and contribution requirements for new employees hired on or after January 1, 2013, MTC implemented a two-tier retirement plan. Tier 1 is based on the original CalPERS agreement, and has a retirement benefit formula of 2.5 percent at 55. Tier 2 is applied to employees that meet the definition of a new member under PEPRA, and has a retirement benefit formula of 2 percent at 62. Effective August 1, 2011, MTC and employees agreed to establish a two-tier contribution with the passage of the Public

Employees' Pension Reform Act. Under Tier 1, employees equally share in future annual employer rate increases up to a maximum employee contribution of 8 percent. Under Tier 2, employees will pay the full employee contribution rate. MTC's retirement benefits are allocated as follows:

- Tier 1 - The total PERS contribution rate is 24.401 percent effective July 1, 2013 (consisting of 16.401 percent employer rate and 8.0 percent member rate). Per MTC and employee agreement, the shared contribution effective July 1, 2013 is 19.191 percent by MTC and 5.21 percent by members.

- Tier 2 - The total PERS contribution rate is 22.901 percent effective July 1, 2013 (consisting of 16.401 percent employer rate and 6.5 percent member rate). Per MTC and employee agreement, the shared contribution effective July 1, 2013 is 16.401 percent by MTC and 6.5 percent by members.

Annual Pension Cost and Funding Progress

The required contribution was $3,862,447 and $3,639,345 for the years ended June 30, 2014 and 2013 respectively determined as part of the June 30, 2012 and June 30, 2011 actuarial valuations using the entry age normal cost method with the contributions determined as a level percent of payroll. The actuarial assumptions included (a) 7.5 percent investment rate of return (net of administrative expenses), and (b) projected salary increases that vary by entry age, duration of service and category of employment. Both (a) and (b) include an inflation component of 2.75 percent and an annual payroll growth of 3.0 percent. The amortization method used is level percent of payroll. The actuarial valuation of the Plan's assets was determined using a technique that smooths the effect of short-term volatility in market value of investments over a fifteen-year period depending on the size of investment gains and/or losses. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30-year rolling period which results in an amortization of approximately 6 percent of unmerited gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

The following table shows MTC's required contributions and the percentage contributed for the current year and each of the two preceding years. Under GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The contribution rate for fiscal year ended June 30, 2014 was 16.401 percent of payroll. The dollar value of the ARC is the contribution rate multiplied by the payroll of covered employees paid during the period July 1, 2013 through June 30, 2014.

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed
June 30, 2012	$ 3,435,478	100%
June 30, 2013	3,639,345	100%
June 30, 2014	3,862,447	100%

MTC's funding progress information as of June 30, 2012 is illustrated as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2010	$ 77,635,562	$ 91,504,175	$13,868,613	84.8 %	$ 17,233,074	80.5%
June 30, 2011	83,576,646	96,864,616	13,287,970	86.3 %	17,276,635	76.9%
June 30, 2012	89,628,911	104,221,731	14,592,820	86.0 %	17,092,546	85.4%

The latest available actuarial valuation was as of June 30, 2012 shows an under-funded status.

9. POST EMPLOYMENT HEALTHCARE BENEFITS

Plan Description

MTC's defined-benefit other post employment benefits (OPEB) healthcare plan, or MTC's California Employer's Retirement Benefit Trust (CERBT) account, provides health plan coverage through the CalPERS Health Plan to eligible retired employees and their eligible dependents. MTC maintains the same medical plans for its retirees as for its active employees, with the general exception that once a retiree becomes eligible for Medicare, he or she must join a Medicare HMO or a Medicare Supplement plan, with Medicare becoming the primary payer. Employees become eligible to retire and receive healthcare benefits upon reaching the age of 50 with 5 years of service to MTC. Benefits are paid for the lifetime of the retiree, spouse or surviving spouse, and dependents up to the age of 26. The number of participants eligible to receive benefits was 75 for the year ended June 30, 2014.

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

Funding Policy

MTC contributions are based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting of Post Employment Benefits Other Than Benefits*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded accrued actuarial liabilities (UAAL) (or funding excess) over a period not to exceed thirty years. The ARC is based on separate actuarial computations for the active and retiree employee groups. MTC's payments of monthly retiree premiums of $658,421 and $679,688 for the years ended 2014 and 2013 were applied toward the required annual employer contribution of $2,658,672 for each of the fiscal years ended 2014 and 2013. Since 2008, MTC has fully funded the ARC and the net OPEB. The net OPEB asset at

June 30, 2014 and June 30, 2013 has remained at $7,384,385 as MTC fully funded its OPEB obligation in fiscal years 2014 and 2013. The interest earned on this asset will reduce the OPEB cost in future years.

Annual OPEB Cost, Funded Status and Funding Progress

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
June 30, 2012	$ 2,414,391	100%	$ 7,384,385
June 30, 2013	2,658,672	100%	7,384,385
June 30, 2014	2,658,672	100%	7,384,385

The funded status of the plan as of July 1, 2014 was as follows:

Annual required contribution (ARC)	$ 2,615,160
Interest on net OPEB obligation	(406,141)
Adjustment to ARC	449,653
Annual OPEB Cost	2,658,672
Less contributions made	(2,658,672)
Change in net OPEB asset	-
Net OPEB asset - beginning of year	7,384,385
Net OPEB asset - end of year	$ 7,384,385

MTC obtains actuarial valuations bi-annually, with the exception of January 2009 when an additional valuation was obtained in conjunction with the change in OPEB Trustees. MTC's funding progress as of January 1, 2014, the most recent available actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2010	$ 9,249,465	$ 20,599,779	$11,350,314	44.9 %	$ 17,417,779	65.2 %
January 1, 2012	13,124,584	24,735,009	11,610,425	53.1 %	18,966,022	61.2 %
January 1, 2014	17,705,619	29,092,241	11,386,622	60.9 %	20,191,937	56.4 %

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

Actuarial Methods and Assumptions

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

MTC has funded its OPEB liability by contributing to an irrevocable trust currently administered by Public Agency Retirement Services (PARS). MTC transferred its OPEB trust fund assets from CalPERS to PARS in March 2010. The actuarial cost method and assumptions described below is one of several acceptable cost methods described in GASB Statement No. 45. The actuarial cost method used for determining the benefit obligations is the Projected Unit Credit Cost Method. In determining the Annual Required Contribution, the Unfunded Actuarial Accrued Liability (UAAL) must be amortized over a period of up to 30 years. MTC has elected to amortize as a level percentage of expected payroll over 20 years on an open basis. The interest rate used to discount future benefit payments is based on the expected rate of return on investments set aside to pay for these benefits. In conjunction with the transfer to PARS, MTC selected a conservative investment policy to fund assets. The discount rate was reduced from 5.50 percent to 4.50 percent to reflect the current investment policy. A 3.0 percent per year growth in overall payroll was used for purposes of amortizing unfunded liability while contributions for a given level of benefit coverage were assumed to increase annually in accordance with CalPERS health premiums. Annual healthcare cost increases were based upon the healthcare cost inflation trend derived from the Getzen Model, a model used for developing long-term medical cost trends. The Getzen Model uses an underlying general inflation assumption of 2.50 percent. The Getzen Model was updated to reflect the latest economic growth factors and adjusted to reflect the value of an expected excise tax payable in 2018. Starting 2018, medical premiums above a certain threshold will be subject to an excise tax of 40% on the amount above the threshold. The tax will be charged to insurers and is expected to be included in medical premiums.

Demographic assumptions regarding retirement and turnover reflect CalPERS assumptions in their valuation of retirement benefits under their 2.5 percent @ 55 formulas for miscellaneous employees. MTC employees participate in CalPERS and accrue retirement benefits under this formula. Termination rates were updated to reflect MTC's recent experience and the mortality rates were based upon the latest CalPERS experience and reflect an improvement in future mortality.

The Actuarial Accrued Liability (AAL) presented in the January 1, 2014 valuation increased by approximately $4.4 million over the previous valuation. The cost of benefit accruals less benefit payments made since the last valuation date contributed to the change in the AAL of $2.2 million. The increase due

to the change in discount rate from 5.5% to 4.5% contributed to the change in the AAL of $4.8 million. The change in portion of premiums paid by MTC and the change in dependent coverage election assumptions contributed to a net change of $(2.5) million. The change to reflect improvements in future mortality, resulted in an increase of $0.8 million, but this was offset by a decrease in demographic experience and the health trend of $(0.7) and $(0.2) million respectively. The combined impact of these factors was an increase in the AAL of approximately $4.4 million. Copies of PARS annual financial report may be obtained by writing to PARS, 4350 Von Karman Avenue, Suite 100, Newport Beach, California 92660.

10. COMMITMENTS AND CONTINGENCIES

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

MTC is involved in various claims and litigation that are considered normal to MTC's regional planning activities. MTC's Board has approved a reserve for future expenses for these contingencies in the amount of $500,000 for both fiscal years ended June 30, 2014 and 2013, respectively. In the opinion of MTC's management, the ultimate resolution of these matters will not have a material adverse effect on MTC's government-wide financial position.

Commitment and Loan to Bay Area Rapid Transit District

On June 28, 2006, MTC and BART revised the terms of the $60 million loan agreement. The new agreement extended the $60 million loan to June 30, 2014 with an interest rate of 3 percent.

On November 28, 2007, MTC's Commission authorized the pledging of the then remaining proceeds of the $47 million BART loan receivable balance from the Rail Reserve Fund to BATA. As a result BATA transferred $47 million of their operating cash to the Rail Reserve Fund thereby providing cash flow to the Rail Reserve Fund (East Bay Account) to be used for East Bay rail projects. MTC retains all of its contract protections and enforcement rights against BART until the BART obligations to the East Bay Rail Reserve are satisfied. MTC also retains the legal obligation and responsibility to seek any payment due from BART. The pledge of the $47 million BART loan from MTC to BATA is an Intra-Entity Transfer of Assets which bears an interest rate of 3.0 percent. GASB statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues,* as amended by GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, provides guidance on the accounting and reporting of Intra-Entity Transfers of Assets. BART made the last payment of $5 million on this loan in June 2014.

BAHA - Discretely Presented Component Unit

BAHA has entered into contracts with multiple external parties to perform the design, seismic retrofitting, renovation and working space of BAHA's building at 375 Beale Street, San Francisco (the "Building"). The renovation is in process and is expected to be completed by the end of 2015. As of June 30, 2014, the remaining balance of the contracts is approximately $74,000,000.

In 2012, BAHA entered into an office lease agreement with the Bay Area Air Quality Management District (BAAQMD) to occupy space in the Building. The lease agreement grants BAAQMD the option to purchase office space (in the form of a condominium interest) in the Building (the "Purchase Option").

On November 7, 2013, BAAQMD issued a Certificate of Participation (COP) in the amount of $30 million to secure an ownership interest in the Building. BAHA purchased the COP and entered into a site and facilities lease and sublease agreement with BAAQMD on the premises. The effective date of these leases will commence from the date BAAQMD exercises its Purchase Option for the premises which is expected to be in December 2015, when the office space is expected to be ready for occupancy. The proceeds of the COP are being held by a trustee in escrow on behalf of BAAQMD, and are expected to be released to BAHA at the time the Purchase Option is exercised. At the same time the Purchase Option is exercised, BAAQMD will deposit $8.5 million to the trustee to be used to pay BAHA as a prepayment of the COP. Rental payments under the site and facilities lease and sublease have been assigned to a trustee who will use these funds to pay principal and interest to BAHA under the COP.

In 2013, BAHA and the Association of Bay Area Governments (ABAG) signed a Memorandum of Understanding, under which ABAG intends to enter into a purchase and sale agreement with BAHA to purchase a condominium interest in the Building from BAHA. ABAG's purchase price for the condominium interest shall be the transfer to BAHA of ABAG's condominium ownership interest in its current headquarters, the MetroCenter, located at 101 Eighth Street, Oakland, CA 94607. In addition, ABAG agreed to provide $4.2 million to BAHA for capital tenant improvements to the Building which will be paid in installments over the period to fiscal year 2021. The first payment installment of $400,000 for the capital tenant improvements was due in fiscal year 2014. ABAG's budget funding for the capital tenant improvements is provided by MTC.

11. RISK MANAGEMENT

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

12. RELATED PARTY TRANSACTIONS

The Regional Administrative Facility Corporation (RAFC) was incorporated in the State of California on March 23, 1983, for the purpose of administering, operating and maintaining common areas and certain easements of the property which consists solely of the Joseph P. Bort MetroCenter facilities.

The Condominium Plan establishes the following three owner occupants: BART, MTC and ABAG. RAFC exercises a custodial responsibility on behalf of the owner occupants and assesses sufficient amounts to meet all required expenditures of the common areas and easements. MTC provides management and other staff functions to RAFC through management fees. Fees billed to RAFC were $300,000 for fiscal years ended June 30, 2014 and 2013. MTC has a prepaid asset of $680,451 and $556,452 as of June 30, 2014 and 2013, respectively, for funding capital improvement projects of the property.

13. SUBSEQUENT EVENTS

BATA issued $1.4 billion in bridge toll revenue bonds (2014 Series A, B, C and F-1) in August 2014. Of the $1.4 billion issued, $200 million was new money and the $1.2 billion was a refunding. The bonds were issued to (i) refund the Authority's outstanding 2008 Series F-1 Bonds and a portion of the Authority's outstanding 2009 Series F-1 Bonds, (ii) fund capital projects, (iii) make a cash deposit to the Reserve Fund (if necessary) and (iv) pay the costs of issuing the 2014 Series A, B, C and F-1 Bonds.

REQUIRED SUPPLEMENTARY INFORMATION

Metropolitan Transportation Commission

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund (unaudited)

For the Year Ended June 30, 2014

Schedule I

	Original Budget [1]	Final Budget [1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Sales tax	$ 11,200,000	$ 11,200,000	$ 11,734,631	$ 534,631
Grants - Federal	113,646,799	97,760,844	52,831,376	(44,929,468)
Grants - State	546,840	546,840	360,055	(186,785)
Local agencies revenues and refunds	3,230,839	3,320,839	3,012,908	(307,931)
Investment income - unrestricted	80,000	80,000	14,890	(65,110)
TOTAL REVENUES	128,704,478	112,908,523	67,953,860	(44,954,663)
EXPENDITURES				
General government	133,573,281	127,928,277	62,295,316	65,632,961
Allocations to other agencies	11,939,772	11,939,772	12,336,592	(396,820)
Capital outlay	969,000	969,000	496,115	472,885
TOTAL EXPENDITURES	146,482,053	140,837,049	75,128,023	65,709,026
REVENUES OVER (UNDER) EXPENDITURES	(17,777,575)	(27,928,526)	(7,174,163)	20,754,363
OTHER FINANCING SOURCES (USES)				
Transfers in	15,589,734	25,766,986	10,461,044	(15,305,942)
NET CHANGE IN FUND BALANCES	(2,187,841)	(2,161,540)	3,286,881	5,448,421
Fund balances - beginning	30,888,242	30,888,242	30,888,242	-
Fund balances - ending	$ 28,700,401	$ 28,726,702	$ 34,175,123	$ 5,448,421

[1] Budget prepared in accordance with GAAP.

See accompanying Independent Auditor's Report.

Metropolitan Transportation Commission

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - AB 664 Net Toll Revenue Reserve (unaudited)

For the Year Ended June 30, 2014 **Schedule II**

	Original Budget [1]	Final Budget [1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Investment income - unrestricted	$ -	$ -	$ 335,284	$ 335,284
TOTAL REVENUES	-	-	335,284	335,284
EXPENDITURES				
General government	-	-	23,986	(23,986)
Allocations to other agencies	47,167,972	47,167,972	17,034,660	30,133,312
TOTAL EXPENDITURES	47,167,972	47,167,972	17,058,646	30,109,326
REVENUES UNDER EXPENDITURES	(47,167,972)	(47,167,972)	(16,723,362)	30,444,610
OTHER FINANCING SOURCES				
Transfers in	10,789,000	10,789,000	10,076,167	(712,833)
TOTAL OTHER FINANCING SOURCES	10,789,000	10,789,000	10,076,167	(712,833)
NET CHANGE IN FUND BALANCES	(36,378,972)	(36,378,972)	(6,647,195)	29,731,777
Fund balances - beginning	36,480,474	36,480,474	36,480,474	-
Fund balances - ending	$ 101,502	$ 101,502	$ 29,833,279	$ 29,731,777

[1] Budget prepared in accordance with GAAP.

See accompanying Independent Auditor's Report.

Metropolitan Transportation Commission

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - State Transit Assistance Fund (unaudited)

For the Year Ended June 30, 2014 **Schedule III**

	Original Budget [1]	Final Budget [1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Grants - State	$ 140,234,322	$ 156,307,320	$148,407,894	$ (7,899,426)
Local agencies revenues and refunds	-	-	2,490,059	2,490,059
Investment income - unrestricted	-	-	339,313	339,313
TOTAL REVENUES	140,234,322	156,307,320	151,237,266	(5,070,054)
EXPENDITURES				
Allocations to other agencies	211,984,086	228,057,084	147,161,104	80,895,980
TOTAL EXPENDITURES	211,984,086	228,057,084	147,161,104	80,895,980
REVENUES OVER (UNDER) EXPENDITURES	(71,749,764)	(71,749,764)	4,076,162	75,825,926
OTHER FINANCING SOURCES (USES)				
Transfers in	71,749,764	71,749,764	-	(71,749,764)
Transfers out	-	-	(18,331,944)	(18,331,944)
TOTAL OTHER FINANCING SOURCES (USES)	71,749,764	71,749,764	(18,331,944)	(90,081,708)
NET CHANGE IN FUND BALANCES	-	-	(14,255,782)	(14,255,782)
Fund balances - beginning	71,584,467	71,584,467	71,584,467	-
Fund balances - ending	$ 71,584,467	$ 71,584,467	$ 57,328,685	$ (14,255,782)

[1] Budget prepared in accordance with GAAP.

See accompanying Independent Auditor's Report.

Metropolitan Transportation Commission

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Rail Reserves Fund (unaudited)

For the Year Ended June 30, 2014 **Schedule IV**

	Original Budget [1]	Final Budget [1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Local agencies revenues and refunds	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ -
Investment income - unrestricted	-	-	532,506	532,506
TOTAL REVENUES	5,000,000	5,000,000	5,532,506	532,506
EXPENDITURES				
General government	5,000,000	5,000,000	5,029,481	(29,481)
Allocations to other agencies	8,181,267	8,181,267	64,658,106	(56,476,839)
TOTAL EXPENDITURES	13,181,267	13,181,267	69,687,587	(56,506,320)
REVENUES UNDER EXPENDITURES	(8,181,267)	(8,181,267)	(64,155,081)	(55,973,814)
OTHER FINANCING SOURCES (USES)				
Transfers in	8,181,267	8,181,267	8,181,267	-
Transfers out	-	-	(150,000)	(150,000)
TOTAL OTHER FINANCING SOURCES	8,181,267	8,181,267	8,031,267	(150,000)
NET CHANGE IN FUND BALANCES	-	-	(56,123,814)	(56,123,814)
Fund balances - beginning	97,089,478	97,089,478	97,089,478	-
Fund balances - ending	$ 97,089,478	$ 97,089,478	$ 40,965,664	$ (56,123,814)

[1] Budget prepared in accordance with GAAP.

See accompanying Independent Auditor's Report.

Metropolitan Transportation Commission

Schedule of Revenues, Expenses and Changes in Fund Balances - Budget and Actual - BART Car Exchange Fund (unaudited)

For the Year Ended June 30, 2014 **Schedule V**

	Original Budget[1]	Final Budget[1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Local agencies revenues and refunds	$ 72,000,000	$ 72,000,000	$ 72,000,000	$ -
Investment income - restricted	-	-	284,620	284,620
TOTAL REVENUES	72,000,000	72,000,000	72,284,620	284,620
EXPENDITURES				
General government	-	-	6,855	(6,855)
TOTAL EXPENDITURES	-	-	6,855	(6,855)
NET CHANGE IN FUND BALANCES	72,000,000	72,000,000	72,277,765	277,765
Fund balances - beginning	129,071,794	129,071,794	129,071,794	-
Fund balances - ending	$ 201,071,794	$ 201,071,794	$ 201,349,559	$ 277,765

[1] Budget prepared in accordance with GAAP.

See accompanying Independent Auditor's Report.

Metropolitan Transportation Commission
Schedules of Funding Progress (unaudited)
For the Year Ended June 30, 2014

Schedule VI

Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2010	$ 77,635,562	$ 91,504,175	$ 13,868,613	84.8 %	$ 17,233,074	80.5 %
June 30, 2011	83,576,646	96,864,616	13,287,970	86.3 %	17,276,635	76.9 %
June 30, 2012	89,628,911	104,221,731	14,592,820	86.0 %	17,092,546	85.4 %

Post Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2010	$ 9,249,465	$ 20,599,779	$ 11,350,314	44.9 %	$ 17,417,779	65.2 %
January 1, 2012	13,124,584	24,735,009	11,610,425	53.1 %	18,966,022	61.2 %
January 1, 2014	17,705,619	29,092,241	11,386,622	60.9 %	20,191,937	56.4 %

OTHER SUPPLEMENTARY INFORMATION

Metropolitan Transportation Commission
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2014

Schedule 1

	Transit Reserves	Exchange	Feeder Bus	Prop 1B Fund	Capital Projects	Total Non-Major Governmental Funds
ASSETS						
Cash - unrestricted	$ 25,479,283	$21,020,745	$ 168,198	$ 2,487,935	$ -	$ 49,156,161
Investment - unrestricted	37,983,477	-	-	-	-	37,983,477
Receivables						
Interest	2,924	-	-	-	-	2,924
Due from other funds	-	-	-	-	499,769	499,769
TOTAL ASSETS	63,465,684	21,020,745	168,198	2,487,935	499,769	87,642,331
LIABILITIES						
Accounts payable and accrued expenditures	7,521,421	20,000	-	284,680	-	7,826,101
Due to other funds	1,434	-	-	9,106	-	10,540
TOTAL LIABILITIES	7,522,855	20,000	-	293,786	-	7,836,641
DEFERRED INFLOWS OF RESOURCES						
Deferred revenues	48,637,853	-	-	-	-	48,637,853
TOTAL DEFERRED INFLOWS OF RESOURCES	48,637,853	-	-	-	-	48,637,853
FUND BALANCES						
Restricted for:						
Transportation projects	7,304,976	-	168,198	2,194,149	-	9,667,323
Committed to:						
Building reserve	-	-	-	-	499,769	499,769
Transportation projects	-	21,000,745	-	-	-	21,000,745
TOTAL FUND BALANCES	7,304,976	21,000,745	168,198	2,194,149	499,769	31,167,837
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 63,465,684	$21,020,745	$ 168,198	$ 2,487,935	$ 499,769	$ 87,642,331

Metropolitan Transportation Commission

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds

For the Year Ended June 30, 2014

Schedule 2

	Transit Reserves	Exchange	Feeder Bus	Prop 1B Fund	Capital Projects	Total Non-Major Governmental Funds
REVENUES						
Grants - State	$ 3,147,625	$ -	$ -	$ -	$ -	$ 3,147,625
Local agencies revenues and refunds	-	6,209,613	-	-	-	6,209,613
Investment income - unrestricted	27,037	399,590	68	1,671	22	428,388
TOTAL REVENUES	3,174,662	6,609,203	68	1,671	22	9,785,626
Expenditures						
Current:						
General government	-	201,966	-	2,829,555	-	3,031,521
Allocations to other agencies	8,243,942	-	-	-	-	8,243,942
TOTAL EXPENDITURES	8,243,942	201,966	-	2,829,555	-	11,275,463
EXCESS/(DEFICIENCY) OF REVENUES OVER/ (UNDER) EXPENDITURES	(5,069,280)	6,407,237	68	(2,827,884)	22	(1,489,837)
OTHER FINANCING SOURCES (USES)						
Transfers in	2,375,178	-	-	155,813	-	2,530,991
Transfers out	(118,172)	(2,967)	-	-	(237,673)	(358,812)
TOTAL OTHER FINANCING SOURCES (USES)	2,257,006	(2,967)	-	155,813	(237,673)	2,172,179
NET CHANGE IN FUND BALANCES	(2,812,274)	6,404,270	68	(2,672,071)	(237,651)	682,342
Fund balances - beginning	10,117,250	14,596,475	168,130	4,866,220	737,420	30,485,495
Fund balances - ending	$ 7,304,976	$ 21,000,745	$ 168,198	$ 2,194,149	$ 499,769	$ 31,167,837

Metropolitan Transportation Commission

Schedule of Revenues, Expenses and Changes in Fund Balances - Budget and Actual - Transit Reserves Fund

For the Year Ended June 30, 2014

Schedule 3

	Original Budget[1]	Final Budget[1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Grants - State	$ 3,147,625	$ 3,147,625	$ 3,147,625	$ -
Investment income - unrestricted	-	-	27,037	27,037
TOTAL REVENUES	3,147,625	3,147,625	3,174,662	27,037
EXPENDITURES				
Allocations to other agencies	24,693,792	24,693,792	8,243,942	16,449,850
TOTAL EXPENDITURES	24,693,792	24,693,792	8,243,942	16,449,850
REVENUES UNDER EXPENDITURES	(21,546,167)	(21,546,167)	(5,069,280)	16,476,887
OTHER FINANCING SOURCES (USES)				
Transfers in	21,546,167	21,546,167	2,375,178	(19,170,989)
Transfers out	-	-	(118,172)	(118,172)
TOTAL OTHER FINANCING SOURCES	21,546,167	21,546,167	2,257,006	(19,289,161)
NET CHANGE IN FUND BALANCES	-	-	(2,812,274)	(2,812,274)
Fund balances - beginning	10,117,250	10,117,250	10,117,250	-
Fund balances - ending	$ 10,117,250	$ 10,117,250	$ 7,304,976	$ (2,812,274)

[1] Budget prepared in accordance with GAAP.

Metropolitan Transportation Commission

Schedule of Revenues, Expenses and Changes in Fund Balances - Budget and Actual - Exchange Fund

For the Year Ended June 30, 2014

Schedule 4

	Original Budget[1]	Final Budget[1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Local agencies revenues and refunds	$ 6,209,613	$ 6,209,613	$ 6,209,613	$ -
Investment income - unrestricted	-	-	399,590	399,590
TOTAL REVENUES	6,209,613	6,209,613	6,609,203	399,590
EXPENDITURES				
General government	-	-	201,966	(201,966)
Allocations to other agencies	6,212,580	6,212,580	-	6,212,580
TOTAL EXPENDITURES	6,212,580	6,212,580	201,966	6,010,614
REVENUES OVER (UNDER) EXPENDITURES	(2,967)	(2,967)	6,407,237	6,410,204
OTHER FINANCING USES				
Transfers out	-	-	(2,967)	(2,967)
TOTAL OTHER FINANCING USES	-	-	(2,967)	(2,967)
NET CHANGE IN FUND BALANCES	(2,967)	(2,967)	6,404,270	6,407,237
Fund balances - beginning	14,596,475	14,596,475	14,596,475	-
Fund balances - ending	$ 14,593,508	$ 14,593,508	$ 21,000,745	$ 6,407,237

[1] Budget prepared in accordance with GAAP.

Metropolitan Transportation Commission

Schedule of Revenues, Expenses and Changes in Fund Balances - Budget and Actual - Feeder Bus Fund

For the Year Ended June 30, 2014

Schedule 5

	Original Budget[1]	Final Budget[1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Investment income - unrestricted	$ -	$ -	$ 68	$ 68
TOTAL REVENUES	-	-	68	68
NET CHANGE IN FUND BALANCES	-	-	68	68
Fund balances - beginning	168,130	168,130	168,130	-
Fund balances - ending	$ 168,130	$ 168,130	$ 168,198	$ 68

[1] Budget prepared in accordance with GAAP.

Metropolitan Transportation Commission

Schedule of Revenues, Expenses and Changes in Fund Balances - Budget and Actual - Prop 1B Fund

For the Year Ended June 30, 2014 **Schedule 6**

	Original Budget[1]	Final Budget[1]	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Investment income - unrestricted	$ -	$ -	$ 1,671	$ 1,671
TOTAL REVENUES	-	-	1,671	1,671
EXPENDITURES				
General government	4,866,220	4,866,220	2,829,555	2,036,665
TOTAL EXPENDITURES	4,866,220	4,866,220	2,829,555	2,036,665
REVENUES UNDER EXPENDITURES	(4,866,220)	(4,866,220)	(2,827,884)	2,038,336
OTHER FINANCING SOURCES				
Transfers in	-	-	155,813	155,813
TOTAL OTHER FINANCING SOURCES	-	-	155,813	155,813
NET CHANGE IN FUND BALANCES	(4,866,220)	(4,866,220)	(2,672,071)	2,194,149
Fund balances - beginning	4,866,220	4,866,220	4,866,220	-
Fund balances - ending	$ -	$ -	$ 2,194,149	$ 2,194,149

[1] Budget prepared in accordance with GAAP.

Metropolitan Transportation Commission
Schedule of Expenditures by Natural Classification
For the Year Ended June 30, 2014

Schedule 7

Expenditures by natural classification	
Salaries & benefits	$ 20,087,941
Travel	143,267
Professional fees	41,672,720
Overhead	2,459,920
Printing & reproduction	131,955
Other	629,068
Reported as general government expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds[1]	$ 65,124,871
Salaries & benefits - MTC Governmental	$ 20,087,941
Salaries & benefits - MTC Clipper®	1,855,203
Salaries & benefits - BATA	8,148,556
Salaries & benefits - SAFE	823,182
Salaries & benefits - BAHA	670,162
Total salaries & benefits	$ 31,585,044
Indirect Cost - MTC Governmental	$ 2,459,920
Indirect Cost - MTC Clipper®	1,048,190
Indirect Cost - SAFE	465,098
Indirect Cost - BAHA	378,641
Indirect Cost - BATA	679,736
Total Indirect Cost	$ 5,031,585
[1]General government expenditures - by Fund	
General Fund	62,295,316
Special Revenue - Prop 1B	2,829,555
Total general government expenditures	$ 65,124,871

Metropolitan Transportation Commission
Schedule of Overhead, Salaries and Benefits Expenditures - Governmental Funds
For the Year Ended June 30, 2014

Schedule 8

	Direct Costs*	Allowable Indirect Costs	Unallowable Costs	Total
Salaries	$ 12,706,558	$ 4,785,423	$ -	$ 17,491,981
Benefits	10,191,851	3,733,990	167,222	14,093,063
Total salaries and benefits	$ 22,898,409	$ 8,519,413	$ 167,222	$ 31,585,044
Reimbursable overhead:**				
Agency temps		$ 805,460	$ -	$ 805,460
Training		194,525	54,628	249,153
Personnel recruitment		52,943	-	52,943
Public hearing		32,135	-	32,135
Advertising		49,335	4,962	54,297
Communications		187,028	-	187,028
Utilities		208,633	-	208,633
Meeting room rental		9,458	285	9,743
Equipment rental		67,816	-	67,816
Parking rental		13,948	-	13,948
Storage rental		49,440	-	49,440
Computer maintenance & repair		109,864	-	109,864
Auto expense		57,510	-	57,510
Equipment maintenance & repair		377	-	377
General maintenance		42,000	-	42,000
Janitorial service		100,579	-	100,579
Office supplies		109,124	-	109,124
Printing & graphics supplies		60,424	-	60,424
Computer supplies		49,246	-	49,246
Computer software		846,609	-	846,609
Computer hardware		114,924	-	114,924
Furniture & fixtures		17,303	-	17,303
Postage & mailing		60,859	-	60,859
Memberships		26,023	55,774	81,797
Library acquisitions & subscriptions		33,965	168	34,133
Law library		30,653	-	30,653
Computer time & services		25,535	-	25,535
Advisory member stipend		13,550	65,401	78,951
Audit fees		191,390	151,761	343,151
Newswire service		18,638	-	18,638
Insurance		153,750	-	153,750
Other		54,649	79,698	134,347
Miscellaneous		-	27,067	27,067
Travel		33,191	179,214	212,405
Professional fees		123,615	-	123,615
Building maintenance		468,128	-	468,128
Subtotal indirect costs		4,412,627	618,958	5,031,585
Carry forward provision for fiscal June 30, 2012		1,063,763	-	1,063,763
Depreciation expense		853,406	-	853,406
Total indirect costs including depreciation expense		$ 6,329,796	$ 618,958	$ 6,948,754
Indirect costs recovered***		$ 12,937,601		
Indirect (over)/under absorbed		$ 1,911,608		

*Direct costs include BATA, SAFE, and BAHA salaries and benefits per Indirect Cost Plan for fiscal year 2014.
** Overhead distributed to BATA, SAFE, and BAHA per Indirect Cost Plan for fiscal year 2014.
*** Indirect costs recovered at 56.50% per Indirect Cost Plan for fiscal year 2014.

Metropolitan Transportation Commission
Schedule of Expenditures - Federal Highway Administration Grant No. 10OWPMTC
For the Year Ended June 30, 2014

Schedule 9

	ABAG	MTC	Total
Authorized Expenditures			
Federal	$ -	$ 31,344	$ 31,344
Local Match *	-	4,061	4,061
Total authorized expenditures	-	35,405	35,405
Actual Expenditures *			
MTC			
Program No. Program Name			
1122 Travel Models and Data	-	26,301	26,301
Balance of Federal Highway Administration Grant	$ -	$ 5,043	$ 5,043

*Expenditures reported at Federal reimbursement rate (88.53%)

Metropolitan Transportation Commission
Toll Bridge Rate Schedule
By Fiscal Year

Schedule 10

Number of Axles Per Vehicle	Toll Rate for Fiscal Year Ending June 30, 2012	2013	2014
2 axles	$ 5.00 *	$ 5.00 *	$ 5.00 *
3 axles	10.50	15.00	15.00
4 axles	14.00	20.00	20.00
5 axles	18.00	25.00	25.00
6 axles	21.00	30.00	30.00
7 axles or more	24.25	35.00	35.00

* During peak hours on all bridges, a reduced-rate toll of $2.50 is collected on high-occupancy and inherently-low-emission two-axle vehicles. On the San Francisco-Oakland Bay Bridge, a weekday toll of $6.00 is collected on all other two-axle vehicles during peak hours, and a weekday toll of $4.00 is collected on all two-axle vehicles during non-peak hours.

Metropolitan Transportation Commission
Schedule of Computations Demonstrating
Bond Covenant Compliance - BATA Proprietary Fund
For the Year Ended June 30, 2014

Schedule 11

	2014
Revenues	
Toll revenues collected	$ 671,506,937
Investment income	5,807,554
Other operating revenues	19,416,727
Transfers from MTC	290,112
Revenues subtotal	697,021,330
BABs interest subsidy	70,762,001
Derivative investment charge	(5,252,468)
Total revenues	762,530,863
Operating expenses	
Operating expenses incurred by Caltrans	26,143,815
Services and charges - BATA	51,881,295
Bridge operating and maintenance expenses incurred by BATA	25,440,264
Transbay Terminal JPA operations	3,716,381
Total operating expenses before depreciation and amortization	107,181,755
Depreciation and amortization	4,343,444
Total operating expenses	111,525,199
Net operating income	651,005,664
Nonoperating expenses (revenues)	
Interest expense	443,976,648
Financing fees and bond issuance costs	13,574,935
Other nonoperating expenses	3,897,446
Caltrans/other agency operating grants	(307,977,921)
Other nonoperating revenues	(3,165,152)
Total nonoperating expenses	150,305,956
Income before operating transfers	500,699,708
Operating transfers	
MTC administrative & operating transfers	9,542,344
MTC transit transfers:	
AB 664 expenses	10,076,167
90% rail expenses	8,181,267
2% transit expenses	2,375,178
Allocations to other agencies (RM2)	37,857,251
Total operating transfers	68,032,207
Net income before capital transfers	432,667,501
Capital project expenses (revenues)	
Distributions to Caltrans for their capital purposes	406,130,188
Distributions to other agencies for their capital purposes	316,769,632
Distributions to MTC	1,253,362
Contributions to BAHA/ BAIFA	170,700,488
Total capital project expenses	894,853,670
Change in net position	(462,186,169)
Total net position - beginning	(5,382,272,252)
Total net position - ending	$ (5,844,458,421)

Metropolitan Transportation Commission
Schedule of Computations Demonstrating
Bond Covenant Compliance - BATA Proprietary Fund, *continued*
For the Year Ended June 30, 2014

Schedule 11

		2014
Senior Bond - Debt Service Covenant		
Net revenue[1]	$	670,877,515
Debt service[2]	$	264,502,851
Debt service coverage[4]		2.54
Debt service coverage - bond covenant requirement		1.20
Net revenue[1]plus operations & maintenance reserve	$	745,877,515
Fixed charges[5], operating transfer and costs[7]	$	315,415,037
Fixed charges coverage		2.36
Fixed charges coverage - bond covenant requirement		1.25
Combined Bonds - Debt Service Covenant		
Net revenue[1]	$	670,877,515
Debt service[3,10], operating transfer and costs[7]	$	486,188,927
Sum sufficient coverage		1.38
Sum sufficient coverage - bond covenant requirement		1.00
Net revenue[1,6]	$	624,448,193
Debt service[3]	$	419,379,647
Subordinate debt service coverage		1.49
Subordinate debt service coverage - bond covenant requirement		1.20
Self insurance reserve - Caltrans Cooperative Agreement[9]	$	50,000,000
Operations & maintenance reserve[8,9]	$	150,000,000
Rehabilitation reserve[9]	$	120,000,000
Project/operating reserves & variable rate risk reserve[9]	$	680,000,000

1 Revenues subtotal less Caltrans operating expenses.
2 Senior bond interest expense less BABs interest subsidy on senior bonds plus principal retirement of $46,165,000.
3 Total bond interest expense less BABs interest subsidy plus principal retirement of $46,165,000.
4 Based on debt outstanding from May 24, 2001 to June 3, 2014.
5 Fixed charges comprise debt service and operating transfers.
6 Net revenues less Maintenance A transfer and BATA service charges.
7 Operating transfer and costs include RM 2 operating costs less amortization of Transit Transfer to MTC (Transit Transfer obligation for the next 47 years was fulfilled in early September 2010).
8 Minimum required operation & maintenance reserve is $75 million, but currently maintained at $150 million.
9 Designated reserves through BATA resolution.
10 Debt service includes Maintenance A transfer.

Metropolitan Transportation Commission

Schedule of Operating Revenues and Expenses - BATA Proprietary Fund - By Bridge

For the Year Ended June 30, 2014

Schedule 12

	Carquinez Bridge	Benicia - Martinez Bridge	Antioch Bridge	Richmond - San Rafael Bridge	San Francisco - Oakland Bay Bridge	San Mateo - Hayward Bridge	Dumbarton Bridge	Total
Operating revenues								
Toll revenues collected	$ 113,605,892	$ 105,084,694	$ 13,033,474	$ 72,559,357	$ 222,048,270	$ 91,087,608	$ 54,087,642	$ 671,506,937 *
Other operating revenues	3,003,379	3,124,057	305,818	2,196,790	7,206,160	2,328,095	1,252,428	19,416,727
Total operating revenues	116,609,271	108,208,751	13,339,292	74,756,147	229,254,430	93,415,703	55,340,070	690,923,664
Operating expenses								
Operating expenditures-by Caltrans & Transbay JPA	3,917,702	4,060,603	1,546,822	2,713,476	11,590,548	3,773,872	2,257,173	29,860,196
Services and charges	13,081,301	12,100,117	1,500,757	8,354,944	25,568,043	10,488,404	6,227,993	77,321,559
Allocations to other agencies	6,404,709	5,924,314	734,782	4,090,647	12,518,318	5,135,206	3,049,275	37,857,251
Depreciation	733,056	680,247	83,857	469,949	1,441,192	587,251	347,892	4,343,444
Total operating expenses	24,136,768	22,765,281	3,866,218	15,629,016	51,118,101	19,984,733	11,882,333	149,382,450
Operating income	$ 92,472,503	$ 85,443,470	$ 9,473,074	$ 59,127,131	$ 178,136,329	$ 73,430,970	$ 43,457,737	$ 541,541,214
*Toll revenues by Program								
Regional Measure 1 (RM 1)	25,261,242	22,672,768	2,978,745	15,571,976	47,346,049	19,716,800	11,493,359	145,040,939
Regional Measure 2 (RM 2)	19,271,977	18,536,368	2,060,520	12,973,791	41,188,580	16,207,640	9,933,291	120,172,167
Seismic Program	69,072,673	63,875,558	7,994,209	44,013,590	133,513,641	55,163,168	32,660,992	406,293,831
Total toll revenues	$ 113,605,892	$ 105,084,694	$ 13,033,474	$ 72,559,357	$ 222,048,270	$ 91,087,608	$ 54,087,642	$ 671,506,937

Metropolitan Transportation Commission

Combining Statement of Changes in Assets and Liabilities by Participant - Agency Funds

For the Year Ended June 30, 2014

Schedule 13

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
County of Alameda				
Assets				
Cash and investments	$ 19,883,897	$ 73,227,092	$ 67,137,044	$ 25,973,945
Interest receivables	7,805	10,000	7,805	10,000
Total Assets	$ 19,891,702	$ 73,237,092	$ 67,144,849	$ 25,983,945
Liabilities				
Accounts payable and accrued liabilities	$ 981,662	$ 68,003,568	$ 62,142,369	$ 6,842,861
Due to other governments	18,910,040	5,233,524	5,002,480	19,141,084
Total Liabilities	$ 19,891,702	$ 73,237,092	$ 67,144,849	$ 25,983,945
County of Contra Costa				
Assets				
Cash and investments	$ 16,666,260	$ 39,540,255	$ 38,603,703	$ 17,602,812
Total Assets	$ 16,666,260	$ 39,540,255	$ 38,603,703	$ 17,602,812
Liabilities				
Accounts payable and accrued liabilities	$ 323,118	$ 36,808,567	$ 36,460,682	$ 671,003
Due to other governments	16,343,142	2,731,688	2,143,021	16,931,809
Total Liabilities	$ 16,666,260	$ 39,540,255	$ 38,603,703	$ 17,602,812
County of Marin				
Assets				
Cash and investments	$ 1,265,412	$ 11,700,829	$ 11,296,811	$ 1,669,430
Interest receivables	293	279	293	279
Total Assets	$ 1,265,705	$ 11,701,108	$ 11,297,104	$ 1,669,709
Liabilities				
Accounts payable and accrued liabilities	$ -	$ 10,971,030	$ 10,828,857	$ 142,173
Due to other governments	1,265,705	730,078	468,247	1,527,536
Total Liabilities	$ 1,265,705	$ 11,701,108	$ 11,297,104	$ 1,669,709
County of Napa				
Assets				
Cash and investments	$ 10,757,607	$ 11,085,891	$ 9,369,892	$ 12,473,606
Total Assets	$ 10,757,607	$ 11,085,891	$ 9,369,892	$ 12,473,606
Liabilities				
Accounts payable and accrued liabilities	$ 236,693	$ 8,842,397	$ 9,051,984	$ 27,106
Due to other governments	10,520,914	2,243,494	317,908	12,446,500
Total Liabilities	$ 10,757,607	$ 11,085,891	$ 9,369,892	$ 12,473,606

Metropolitan Transportation Commission

Combining Statement of Changes in Assets and Liabilities by Participant - Agency Funds, *continued*

For the Year Ended June 30, 2014

Schedule 13

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
County of San Francisco				
Assets				
Cash and investments	$ 2,906,649	$ 45,648,407	$ 46,296,825	$ 2,258,231
Interest receivables	2,111	1,834	2,111	1,834
Total Assets	$ 2,908,760	$ 45,650,241	$ 46,298,936	$ 2,260,065
Liabilities				
Accounts payable and accrued liabilities	$ 409,483	$ 42,893,223	$ 42,613,369	$ 689,337
Due to other governments	2,499,277	2,757,018	3,685,567	1,570,728
Total Liabilities	$ 2,908,760	$ 45,650,241	$ 46,298,936	$ 2,260,065
County of San Mateo				
Assets				
Cash and investments	$ 5,920,741	$ 37,205,702	$ 38,072,937	$ 5,053,506
Interest receivables	5,179	6,418	5,179	6,418
Total Assets	$ 5,925,920	$ 37,212,120	$ 38,078,116	$ 5,059,924
Liabilities				
Accounts payable and accrued liabilities	$ 132,557	$ 37,067,616	$ 36,697,170	$ 503,003
Due to other governments	5,793,363	144,504	1,380,946	4,556,921
Total Liabilities	$ 5,925,920	$ 37,212,120	$ 38,078,116	$ 5,059,924
County of Santa Clara				
Assets				
Cash and investments	$ 10,209,407	$ 99,648,038	$ 100,140,543	$ 9,716,902
Total Assets	$ 10,209,407	$ 99,648,038	$ 100,140,543	$ 9,716,902
Liabilities				
Accounts payable and accrued liabilities	$ 5,351,032	$ 90,923,411	$ 91,851,449	$ 4,422,994
Due to other governments	4,858,375	8,724,627	8,289,094	5,293,908
Total Liabilities	$ 10,209,407	$ 99,648,038	$ 100,140,543	$ 9,716,902
County of Solano				
Assets				
Cash and investments	$ 9,561,928	$ 18,305,489	$ 16,467,032	$ 11,400,385
Total Assets	$ 9,561,928	$ 18,305,489	$ 16,467,032	$ 11,400,385
Liabilities				
Accounts payable and accrued liabilities	$ 1,768,486	$ 15,714,667	$ 15,837,507	$ 1,645,646
Due to other governments	7,793,442	2,590,822	629,525	9,754,739
Total Liabilities	$ 9,561,928	$ 18,305,489	$ 16,467,032	$ 11,400,385

Metropolitan Transportation Commission

Combining Statement of Changes in Assets and Liabilities by Participant - Agency Funds, *continued*

For the Year Ended June 30, 2014

Schedule 13

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
County of Sonoma				
Assets				
Cash and investments	$ 12,442,818	$ 22,039,077	$ 22,954,757	$ 11,527,138
Total Assets	$ 12,442,818	$ 22,039,077	$ 22,954,757	$ 11,527,138
Liabilities				
Accounts payable and accrued liabilities	$ 2,285,972	$ 20,332,366	$ 22,120,106	$ 498,232
Due to other governments	10,156,846	1,706,711	834,651	11,028,906
Total Liabilities	$ 12,442,818	$ 22,039,077	$ 22,954,757	$ 11,527,138
AB1107				
Assets				
Cash	$ -	$ 73,824,883	$ 73,824,883	$ -
Total Assets	$ -	$ 73,824,883	$ 73,824,883	$ -
Liabilities				
Accounts payable and accrued liabilities	$ -	$ 73,824,883	$ 73,824,883	$ -
Total Liabilities	$ -	$ 73,824,883	$ 73,824,883	$ -
Clipper®				
Assets				
Cash	$ 27,532,486	$ 350,094,132	$ 333,901,445	$ 43,725,173
Account receivables	14,055,635	841,532,045	846,639,867	8,947,813
Total Assets	$ 41,588,121	$ 1,191,626,177	$1,180,541,312	$ 52,672,986
Liabilities				
Accounts payable and accrued liabilities	$ 41,588,121	$ 797,955,255	$ 786,870,390	$ 52,672,986
Total Liabilities	$ 41,588,121	$ 797,955,255	$ 786,870,390	$ 52,672,986
Total - All Agency Funds				
Assets				
Cash and investments	117,147,205	$ 782,319,795	$ 758,065,872	$ 141,401,128
Interest receivables	15,388	18,531	15,388	18,531
Account receivables	14,055,635	841,532,045	846,639,867	8,947,813
Total Assets	$ 131,218,228	$ 1,623,870,371	$1,604,721,127	$ 150,367,472
Liabilities				
Accounts payable and accrued liabilities	$ 53,077,124	$ 1,203,336,983	$1,188,298,766	$ 68,115,341
Due to other governments	78,141,104	26,862,466	22,751,439	82,252,131
Total Liabilities	$ 131,218,228	$ 1,230,199,449	$1,211,050,205	$ 150,367,472

Metropolitan Transportation Commission
Statement of Cash Collections and Disbursements - Agency Fund
Clipper® Program
For the Year Ended June 30, 2014

Schedule 14

Cash Collections		
Autoload and remote add value	$	185,894,153
Third party		157,451,653
Other receipts		6,748,326
Total Cash Collections		350,094,132
Cash Disbursements		
Disbursements to operator		324,867,657
Patron refunds		3,264,796
Other disbursements		5,768,992
Total Cash Disbursements		333,901,445
Net Increase in Cash		16,192,687
Cash - beginning balance		27,532,486
Cash - ending balance	$	43,725,173

Metropolitan Transportation Commission
Schedule of Interest Rate Swaps Summary-BATA Proprietary Fund
For the Year Ended June 30, 2014

Schedule 15

Counterparty	Series 2001	Series 2006	Series 2007	Series 2008 F-1	Total	Percentage by counterparty	Ratings (S&P/Moodys)
Citibank, N.A.	$ -	$ 115,000,000	$ 260,000,000	$ -	$ 375,000,000	19%	A/A2
Wells Fargo Bank, N.A.	75,000,000	110,000,000	-	137,700,000	322,700,000	17%	AA-/Aa3
JP Morgan Chase Bank, N.A.	-	245,000,000	-	-	245,000,000	13%	A+/Aa3
Bank of America, N.A.	-	155,000,000	50,000,000	200,000,000	405,000,000	21%	A/A2
Goldman Sachs Mitsui Marine Derivative Products LP	-	60,000,000	85,000,000	-	145,000,000	8%	AAA/Aa2
The Bank of New York Mellon	-	-	210,000,000	146,445,000	356,445,000	18%	AA-/Aa2
Morgan Stanley Capital Services LLC	75,000,000	-	-	-	75,000,000	4%	A-/Baa2
Total swap notional	$ 150,000,000	$ 685,000,000	$ 605,000,000	$ 484,145,000	$ 1,924,145,000		
Termination value	$ (45,232,291)	$ (172,681,875)	$ (147,239,982)	$ 5,662,835	$ (359,491,313)		

Metropolitan Transportation Commission

Schedule of Interest Rate Swaps for Series 2001 - BATA Proprietary Fund

For the Year Ended June 30, 2014

Schedule 16

	Series 2001 A	Series 2001 A	Total
Notional amount	$75,000,000	$75,000,000	$150,000,000
Trade date	1/22/2014	5/20/2011	
Effective date	1/1/2014	5/2/2011	
Swap mode	65% One Mth LIBOR	65% One Mth LIBOR	
Maturity	4/1/2036	4/1/2036	
Basis cost	Yes	Yes	
Swap cost	3.34%(3)	4.10%	
Counterparty (CP)	Morgan Stanley Capital Services LLC	Wells Fargo Bank, N.A.	
S&P/Moody's ratings	A-/Baa2	AA-/Aa3	
Ratings outlook/watch	Negative/Stable	Stable/Stable	
Termination value due from/(to) CP	$(21,837,891)	$(23,394,400)	$(45,232,291)
Credit risk			
CP Collateral Posting(1)			
1a) CP = "A-", "A", or "A+" (S&P)	Yes	No	
or			
1b) CP = "A3", "A2", or "A1" (Moody's)	No	No	
and			
2) Termination value >$10 million	No	No	
or			
CP Collateral Posting(1)			
1c) CP < A- (S&P)	No	No	
or			
1d) CP < A3 (Moody's)	Yes	No	
and			
2) Termination value > $0	No	No	
Ratings termination risk(2)			
CP can terminate if BATA's Sr bond ratings (S&P or Moody's) is below	BBB-/Baa3	BBB+/Baa1	

(1) unilateral Collateral Posting by Counterparty

(2) unilateral termination at BATA's discretion unless ratings fall below as listed

(3) Fixed rate of 3.34% effective from 1/1/2014 through 12/31/2016; Fixed rate will change to 4.09% effective from 1/1/2017 through maturity

Metropolitan Transportation Commission

Schedule of Interest Rate Swaps for Series 2006 - BATA Proprietary Fund

For the Year Ended June 30, 2014

Schedule 17

	Series 2006	Series 2006	Series 2006	Series 2006	Series 2006	Series2006	Total
Notional amount	$245,000,000	$115,000,000	$30,000,000	$110,000,000	$60,000,000	$125,000,000	$685,000,000
Trade date	3/31/2011	3/20/2012 [3]	11/15/2005	3/20/2012	8/28/2008	9/2/2008	
Effective date	4/1/2011	3/1/2012	2/8/2006	3/1/2012	8/28/2008	9/2/2008	
Swap mode	75.105% One Mth LIBOR	53.8% One Mth LIBOR+0.74%	68% One Mth LIBOR	53.8% One Mth LIBOR+0.74%	68% One Mth LIBOR	68% One Mth LIBOR	
Maturity	4/1/2045	4/1/2045	4/1/2045	4/1/2045	4/1/2045	4/1/2045	
Basis cost	Yes	Yes	Yes	Yes	Yes	Yes	
Swap cost	4%	3.64%	3.63%	3.64%	3.64%	3.64%	
Counterparty (CP)	JP Morgan Chase Bank, N.A.	Citibank, N.A.	Bank of America, N.A.	Wells Fargo Bank, N.A.	Goldman Sachs Mitsui Marine Derivative Products LP	Bank of America, N.A.	
S&P/Moody's ratings	A+/Aa3	A/A2	A/A2	AA-/Aa3	AAA/Aa2	A/A2	
Ratings outlook/watch	Stable/Stable	Stable/Stable	Negative/Stable	Stable/Stable	Negative/Not on Watch	Negative/Stable	
Termination value due from/(to) CP	$(69,776,288)	$(23,892,833)	$(7,798,222)	$(22,854,076)	$(15,684,472)	$(32,675,984)	$(172,681,875)
Credit risk							
CP Collateral Posting[1]							
1a) CP = "A-", "A", or "A+" (S&P)	Yes	Yes	Yes	No	No	Yes	
or							
1b) CP = "A3", "A2", or "A1" (Moody's)	No	Yes	Yes	No	No	Yes	
and							
2) Termination value>$10 million	No	No	No	No	No	No	
or							
CP Collateral Posting[1]							
1c) CP < A- (S&P)	No	No	No	No	No	No	
or							
1d) CP < A3 (Moody's)	No	No	No	No	No	No	
and							
2) Termination value >$0	No	No	No	No	No	No	
Ratings termination risk [2]							
CP can terminate if BATA's							
Sr bond ratings (S&P or Moody's) is below	BBB-/Baa3	BBB-/Baa3	BBB/Baa2(Insured)	BBB+/Baa1	BBB+/Baa1	BBB+/Baa1	

[1] unilateral Collateral Posting by Counterparty
[2] unilateral termination at BATA's discretion unless ratings fall below as listed
[3] amended and restated for novation, original trade date was 11/15/2005

Metropolitan Transportation Commission
Schedule of Interest Rate Swaps for Series 2007 - BATA Proprietary Fund
For the Year Ended June 30, 2014

Schedule 18

	Series 2007	Series 2007	Series 2007	Series 2007	Series 2007	Total
Notional amount	$260,000,000	$50,000,000	$85,000,000	$170,000,000	$40,000,000	$605,000,000
Trade date	11/30/2005	11/30/2005	8/28/2008	9/2/2008	9/2/2008	
Effective date	11/1/2007	11/1/2007	8/28/2008	9/2/2008	9/2/2008	
Swap mode	53.8% One Mth LIBOR+0.74%	68% One Mth LIBOR	68% One Mth LIBOR	68% One Mth LIBOR	68% One Mth LIBOR	
Maturity	4/1/2047	4/1/2047	4/1/2047	4/1/2047	4/1/2047	
Basis cost	Yes	Yes	Yes	Yes	Yes	
Swap cost	3.64%	3.63%	3.64%	3.64%	3.64%	
Counterparty (CP)	Citibank, N.A.	Bank of America, N.A.	Goldman Sachs Mitsui Marine Derivative Products LP	The Bank of New York Mellon	The Bank of New York Mellon	
S&P/Moody's ratings	A/A2	A/A2	AAA/Aa2	AA-/Aa2	AA-/Aa2	
Ratings outlook/watch	Stable/Stable	Negative/Stable	Negative/Not on Watch	Stable/Stable	Stable/Stable	
Termination value due from/(to) CP	$(55,298,514)	$(13,248,639)	$(22,673,944)	$(45,347,594)	$(10,671,291)	$ (147,239,982)
Credit risk						
CP Collateral Posting[1]						
1a) CP = "A-", "A", or "A+" (S&P)	Yes	Yes	No	No	No	
or						
1b) CP = "A3", "A2", or "A1" (Moody's)	Yes	Yes	No	No	No	
and						
2) Termination value > $10 million	No	No	No	No	No	
or						
CP Collateral Posting [1]						
1c) CP <A- (S&P)	No	No	No	No	No	
or						
1d) CP <A3 (Moody's)	No	No	No	No	No	
and						
2) Termination value >$0	No	No	No	No	No	
Ratings termination risk[2]						
CP can terminate if BATA's Sr bond ratings (S&P or Moody's) is below	BBB-/Baa3	BBB/Baa2 (Insured)	BBB+/Baa1	BBB+/Baa1	BBB+/Baa1	

[1] unilateral Collateral Posting by Counterparty
[2] unilateral termination at BATA's discretion unless ratings fall below as listed

Metropolitan Transportation Commission

Schedule of SIFMA Rate Swaps for Series 2008 F-1 - BATA Proprietary Fund

For the Year Ended June 30, 2014

Schedule 19

	Series 2008 F-1	Series 2008 F-1	Series 2008 F-1	Series 2008 F-1	Total
Notional amount	$137,700,000	$146,445,000	$40,000,000	$160,000,000	$484,145,000
Trade date	3/31/2014	3/28/2014	3/7/2014	3/7/2014	
Effective date	4/1/2014	3/28/2014	4/1/2014	4/1/2014	
Swap fix receiver rate	3.1%(3)	3.2525%(4)	3.55%(5)	3.395%(6)	
Maturity	4/1/2047	4/1/2047	4/1/2047	4/1/2045	
Basis cost	No	No	No	No	
Swap payer index	SIFMA	SIFMA	SIFMA	SIFMA	
Counterparty (CP)	Wells Fargo Bank, N.A.	The Bank of New York Mellon	Bank of America, N.A.	Bank of America, N.A.	
S&P/Moody's ratings	AA-/Aa3	AA-/Aa2	A/A2	A/A2	
Ratings outlook/watch	Stable/Stable	Stable/Stable	Negative/Stable	Negative/Stable	
Termination value due from/(to) CP	$282,976	$770,550	$1,058,784	$3,550,525	$5,662,835
Credit risk					
CP Collateral Posting(1)					
1a) CP = "A-", "A", or "A+" (S&P)	No	No	Yes	Yes	
or					
1b) CP = "A3", "A2", or "A1" (Moody's)	No	No	Yes	Yes	
and					
2) Termination value > $10 million	No	No	No	No	
or					
CP Collateral Posting(1)					
1c) CP <A- (S&P)	No	No	No	No	
or					
1d) CP <A3 (Moody's)	No	No	No	No	
and					
2) Termination value > $0	Yes	Yes	Yes	Yes	
Ratings termination risk(2)					
CP can terminate if BATA's Sr bond ratings (S&P or Moody's) is below	BBB+/Baa1	BBB+/Baa1	BBB+/Baa1	BBB+/Baa1	

(1) unilateral Collateral Posting by Counterparty
(2) unilateral termination at BATA's discretion with 15 days notice unless ratings fall as listed; CP has one time termination option on 4/1/2018
(3) Replacement of JP Morgan Swap effective 4/1/2014 with a fixed rate of 3.10%.
(4) Fixed rate of 3.2525.% effective 4/1/2014
(5) Fixed rate of 3.55% effective 4/1/2014
(6) Fixed rate of 3.395% effective 4/1/2014

STATISTICAL SECTION

This part of the MTC's comprehensive annual financial report presents detailed information to aid in understanding information contained in the financial statements, note disclosures, and required supplementary information. Some tables are not presented with ten years of data as the information was not available for these periods.

Contents	Page
Financial Trends	**115**
These schedules provide trend information to assist the reader in understanding the change in MTC's financial performance over time.	
Revenue Capacity	**120**
These schedules include information to help the reader assess MTC's most significant local revenue source, Toll bridge revenues.	
Debt Capacity	**125**
These schedules provide information to help the reader assess the affordability of MTC's current levels of outstanding debt and its ability to issue additional debt in the future.	
Demographic and Economic Information	**127**
These schedules offer demographic and economic indicators to help the reader understand the environment in which MTC's financial activities take place.	
Operating Information	**130**
These schedules contain service and infrastructure data to help the reader understand how the information in MTC's financial report relates to the services provided and the activities performed.	

Metropolitan Transportation Commission

Net Position by Component ($000) (unaudited)

By Fiscal Year

Table 1

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010*	2011*	2012	2013	2014
Governmental activities										
Net investment in capital assets	$ 6,051	$ 5,827	$ 6,015	$ 8,768	$ 8,393	$ 7,936	$ 7,277	$ 6,712	$ 6,134	$ 5,737
Restricted	104,451	117,117	157,234	337,420	329,243	467,544	332,378	406,868	376,343	372,455
Unrestricted	49,795	50,970	130,205	(33,269)	(29,911)	(21,259)	(6,534)	(3,388)	23,983	28,005
Total governmental activities net position	160,297	173,914	293,454	312,919	307,725	454,221	333,121	410,192	406,460	406,197
Business-type activities										
Net investment in capital assets	$ 4,895	$ 5,539	$ 5,596	$ 8,206	$ 12,779	$ 18,199	$ 17,825	$ 19,192	$ 23,112	$ 27,033
Restricted	257,670	643,444	691,735	338,458	293,873	200,000	200,000	200,000	200,000	200,000
Unrestricted	(592,302)	(1,914,340)	(2,347,410)	(2,549,520)	(3,304,407)	(4,014,079)	(4,744,006)	(5,329,066)	(5,585,985)	(6,049,704)
Total business-type activities net position	(329,737)	(1,265,357)	(1,650,079)	(2,202,856)	(2,997,755)	(3,795,880)	(4,526,181)	(5,109,874)	(5,362,873)	(5,822,671)
Total primary government										
Net investment in capital assets	$ 10,946	$ 11,366	$ 11,611	$ 16,974	$ 21,172	$ 26,135	$ 25,102	$ 25,904	$ 29,246	$ 32,770
Restricted	362,121	760,561	848,969	675,878	623,116	667,544	532,378	606,868	576,343	572,455
Unrestricted	(542,507)	(1,863,370)	(2,217,205)	(2,582,789)	(3,334,318)	(4,035,338)	(4,750,540)	(5,332,454)	(5,562,002)	(6,021,699)
Total primary government net position	(169,440)	(1,091,443)	(1,356,625)	(1,889,937)	(2,690,030)	(3,341,659)	(4,193,060)	(4,699,682)	(4,956,413)	(5,416,474)

*Fiscal years 2010 and 2011 have been revised in accordance with the implementation guidance in GASB Statement No. 62, *Codifications of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Fiscal years 2005 through 2009 have not been restated as permitted by the standards.

Metropolitan Transportation Commission
Changes in Net Position ($000) (unaudited)
By Fiscal Year

Table 2

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010*	2011*	2012	2013	2014
Expenses										
Governmental activities:										
General government	$ 47,452	$ 63,297	$ 93,884	$ 85,203	$ 86,672	$ 97,260	$ 78,611	$ 77,165	$ 69,123	$ 78,763
Transportation	71,885	87,731	145,647	152,999	99,154	54,852	149,092	124,269	210,916	237,098
Total governmental activities expenses	119,337	151,028	239,531	238,202	185,826	152,112	227,703	201,434	280,039	315,861
Business-type activities:										
Clipper smart card	-	-	-	-	-	-	52,048	34,846	38,319	37,393
Toll bridge activities	433,703	617,546	1,155,916	1,234,968	1,299,135	1,300,850	1,569,444	1,352,120	1,189,447	1,585,641
Congestion relief	11,789	12,402	16,892	13,675	14,363	17,309	17,939	18,693	17,763	12,742
Total business-type activities expenses	445,492	629,948	1,172,808	1,248,643	1,313,498	1,318,159	1,639,431	1,405,659	1,245,529	1,635,776
Total primary government expenses	$ 564,829	$ 780,976	$1,412,339	$1,486,845	$ 1,499,324	$ 1,470,271	$ 1,867,134	$ 1,607,093	$1,525,568	$ 1,951,637
Program Revenues										
Governmental activities:										
Charges for services										
Operating grants and contributions	$ 50,165	$ 57,641	$ 320,311	$ 207,496	$ 85,048	$ 249,436	$ 74,274	$ 245,171	$ 250,529	$ 301,254
Capital grants and contributions	44,957	70,770	-	9,858	61,796	10,673	-	-	-	-
Total governmental activities program revenues	95,122	128,411	320,311	217,354	146,844	260,109	74,274	245,171	250,529	301,254
Business-type activities:										
Charges for services	256,466	293,000	434,341	497,712	492,963	486,889	622,906	660,156	690,181	713,147
Operating grants and contributions	8,130	8,868	283,082	110,372	53,490	131,872	281,918	263,080	272,281	393,471
Capital grants and contributions	-	499,403	1,235	-	-	-	327	-	-	81,209
Total business-type activities program revenues	264,596	801,271	718,658	608,084	546,453	618,761	905,151	923,236	962,462	1,187,827
Total primary government program revenues	$ 359,718	$ 929,682	$ 1,038,969	$ 825,438	$ 693,297	$ 878,870	$ 979,425	$ 1,168,407	$1,212,991	$ 1,489,081
Net (expense)/revenue										
Governmental activities	$ (24,215)	$ (22,617)	$ 80,780	$ (20,848)	$ (38,982)	$ 107,997	$ (153,429)	$ 43,737	$ (29,510)	$ (14,607)
Business-type activities	(180,896)	171,323	(454,150)	(640,559)	(767,045)	(699,398)	(734,280)	(482,423)	(283,067)	(447,949)
Total primary government net expense	$(205,111)	$ 148,706	$ (373,370)	$ (661,407)	$ (806,027)	$ (591,401)	$ (887,709)	$ (438,686)	$ (312,577)	$ (462,556)

*Fiscal years 2010 and 2011 have been revised in accordance with the implementation guidance in GASB Statement No. 62, *Codifications of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Fiscal years 2005 through 2009 have not been restated as permitted by the standards.

Metropolitan Transportation Commission

Changes in Net Position ($000) (unaudited), *continued*

By Fiscal Year

Table 2

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010*	2011*	2012	2013	2014
General Revenues and Other Changes in Net Position										
Governmental activities:										
Restricted investment earnings	$ 2,791	$ 3,996	$ 9,498	$ 1,454	$ 784	$ 222	$ 408	$ 204	$ 144	$ 285
Unrestricted investment earnings	-	-	1,410	9,936	5,002	1,963	2,448	2,416	1,988	1,650
Transfers	27,074	32,238	27,852	28,922	28,003	36,314	29,473	30,714	23,645	12,409
Total governmental activities	29,865	36,234	38,760	40,312	33,789	38,499	32,329	33,334	25,777	14,344
Business-type activities:										
Unrestricted investment earnings	21,746	44,857	97,280	116,704	149	(14,866)	33,452	(70,557)	53,714	560
Extraordinary item	-	(1,119,562)	-	-	-	-	-	-	-	-
Transfers	(27,074)	(32,238)	(27,852)	(28,922)	(28,003)	(36,314)	(29,473)	(30,714)	(23,645)	(12,409)
Total business-type activities	(5,328)	(1,106,943)	69,428	87,782	(27,854)	(51,180)	3,979	(101,271)	30,069	(11,849)
Total primary government	$ 24,537	$(1,070,709)	$ 108,188	$ 128,094	$ 5,935	$ (12,681)	$ 36,308	$ (67,937)	$ 55,846	$ 2,495
Change in Net Position										
Governmental activities	$ 5,650	$ 13,617	$ 119,540	$ 19,465	$ (5,194)	$ 146,496	$ (121,100)	$ 77,072	$ (3,733)	$ (263)
Business-type activities	(186,224)	(935,620)	(384,722)	(552,777)	(794,899)	(750,578)	(730,301)	(583,694)	(252,998)	(459,798)
Total primary government	$ (180,574)	$ (922,003)	$ (265,182)	$ (533,312)	$ (800,093)	$ (604,082)	$ (851,401)	$ (506,622)	$ (256,731)	$ (460,061)

*Fiscal years 2010 and 2011 have been revised in accordance with the implementation guidance in GASB Statement No. 62, *Codifications of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Fiscal years 2005 through 2009 have not been restated as permitted by the standards.

Metropolitan Transportation Commission

Fund Balances of Governmental Funds ($000) (unaudited)

By Fiscal Year

Table 3

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund										
Reserved	$ 15,647	$ 15,186	$ 13,949	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved	5,591	8,832	12,870	-	-	-	-	-	-	-
Total general fund	$ 21,238	$ 24,018	$ 26,819	$ -	$ -	$ -	$ -	$ -	$ -	$ -
All other governmental funds										
Reserved	$ 43,938	$ 44,931	$ 97,455	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved, reported in:	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	96	-	-	-	-	-	-	-
Special revenue funds	35,032	44,556	117,239	-	-	-	-	-	-	-
Total all other governmental funds	$ 78,970	$ 89,487	$ 214,790	$ -	$ -	$ -	$ -	$ -	$ -	$ -
General fund										
Nonspendable	$ -	$ -	$ -	$ 408	$ 593	$ 763	$ 918	$ 1,037	$ 1,033	$ 1,209
Restricted for	-	-	-	4,175	5,086	2,734	1,954	2,389	1,254	528
Committed to	-	-	-	3,002	3,836	4,960	2,855	3,992	1,961	2,688
Unassigned	-	-	-	11,676	10,210	11,009	17,834	20,363	26,641	29,750
Total general fund	$ -	$ -	$ -	$ 19,261	$ 19,725	$ 19,466	$ 23,561	$ 27,781	$ 30,889	$ 34,175
All other governmental fund										
Restricted for	$ -	$ -	$ -	$ 272,730	$ 268,794	$ 415,129	$ 290,757	$ 362,492	$ 349,615	$ 339,144
Committed to	-	-	-	7,372	6,550	7,573	7,509	8,573	15,096	21,501
Total all other governmental funds	$ -	$ -	$ -	$ 280,102	$ 275,344	$ 422,702	$ 298,266	$ 371,065	$ 364,711	$ 360,645

Metropolitan Transportation Commission

Changes in Fund Balances of Governmental Funds ($000) (unaudited)

By Fiscal Year

Table 4

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Sales taxes	$ 9,562	$ 10,355	$ 10,626	$ 10,800	$ 9,848	$ 8,824	$ 9,644	$ 10,504	$ 11,162	$ 11,735
Grants - Federal	32,568	37,452	44,211	50,727	41,426	63,559	48,819	50,022	45,795	52,831
Grants - State	47,339	74,084	227,809	127,565	61,796	148,976	5,392	145,788	160,060	151,916
Local agencies revenues and refunds	5,653	6,520	37,666	33,039	33,774	46,755	18,419	46,022	41,148	88,712
Investment income - unrestricted	2,791	3,997	9,498	11,346	5,002	1,963	2,448	2,416	1,988	1,650
Investment income - restricted	-	-	-	1,454	783	222	408	204	144	285
Total revenues	97,913	132,408	329,810	234,931	152,629	270,299	85,130	254,956	260,297	307,129
Expenditures										
General government	38,805	49,945	59,182	74,153	64,358	70,100	72,612	70,376	65,175	70,387
Allocation to other agencies	81,185	95,765	156,210	163,201	107,027	66,875	162,266	138,105	221,642	249,434
Capital outlay	10,540	5,639	14,166	15,744	13,542	22,538	66	170	372	496
Total expenditures	130,530	151,349	229,558	253,098	184,927	159,513	234,944	208,651	287,189	320,317
Excess of revenues over (under) expenditures	(32,617)	(18,941)	100,252	(18,167)	(32,298)	110,786	(149,814)	46,305	(26,892)	(13,188)
Other financing sources (uses)										
Other financing source	-	-	-	47,000	-	-	-	-	-	-
Transfer in	29,375	35,980	42,543	49,778	57,683	44,195	35,310	34,468	30,666	31,249
Transfer out	(2,300)	(3,742)	(14,691)	(20,856)	(29,680)	(7,881)	(5,838)	(3,754)	(7,021)	(18,841)
Total other financing sources (uses)	27,075	32,238	27,852	75,922	28,003	36,314	29,472	30,714	23,645	12,408
Net change in fund balances	$ (5,542)	$ 13,297	$ 128,104	$ 57,755	$ (4,295)	$ 147,100	$ (120,342)	$ 77,019	$ (3,247)	$ (780)

Metropolitan Transportation Commission
Primary Government Revenues (unaudited)
By Fiscal Year

Table 5

	PROGRAM REVENUES			GENERAL REVENUES		
Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Restricted Investment Earnings	Unrestricted Investment Earnings	Total
2005 [1]	$ 256,466,211	$ 48,732,356	$ 44,957,468	$ -	$ 24,537,489	$ 374,693,524
2006 [2]	292,999,899	66,509,695	570,172,943	-	48,853,834	978,536,371
2007 [3]	434,341,478	603,392,696	1,234,760	1,410,000	106,778,738	1,147,157,672
2008 [4]	497,712,304	317,868,256	9,858,000	1,454,256	126,640,261	953,533,077
2009 [5]	492,963,040	200,334,018	-	783,516	5,150,515	699,231,089
2010 [6]	486,888,891	381,308,169	10,672,699	221,925	(12,903,019)	866,188,665
2011 [7]	622,905,920	356,192,046	327,301	408,234	35,900,213	1,015,733,714
2012	660,156,182	508,251,355	-	203,961	(68,140,306)	1,100,471,192
2013 [8]	690,180,714	522,809,673	-	144,217	55,701,920	1,268,836,524
2014 [9]	713,146,710	694,725,536	81,209,050	284,620	2,210,285	1,491,576,201

1 Excludes $300 million bond proceeds
2 Excludes $2,149 billion bond proceeds
3 Excludes $811 million bond proceeds
4 Excludes $1,008 billion bond proceeds
5 Excludes $708 million bond proceeds
6 Excludes $2,069 billion bond proceeds
7 Excludes $2,385 billion bond proceeds
8 Excludes $908 million bond proceeds
9 Excludes $900 million bond proceeds

Metropolitan Transportation Commission

Primary Government Expenses by Function (unaudited)

By Fiscal Year

Table 6

Fiscal Year	General Government	Transportation	Toll Bridge Activities	Congestion Relief	Clipper®	Total
2005	$ 47,451,629	$ 71,885,313	$ 433,703,072	$ 11,788,922	$ -	$ 564,828,936
2006	63,297,372	87,731,178	617,546,375	12,401,445	-	780,976,370
2007	93,884,140	145,646,986	1,155,916,387	16,891,976	-	1,412,339,489
2008	85,202,758	152,998,857	1,234,968,178	13,675,326	-	1,486,845,119
2009	86,671,886	99,153,429	1,299,135,147	14,363,137	-	1,499,323,599
2010*	97,259,761	54,851,617	1,300,850,028	17,309,069	-	1,470,270,475
2011*	78,610,828	149,092,421	1,569,444,305	17,938,280	52,047,730	1,867,133,564
2012	77,165,020	124,269,186	1,352,120,141	18,692,766	34,846,108	1,607,093,221
2013	69,122,603	210,915,679	1,189,447,185	17,762,774	38,319,247	1,525,567,488
2014	78,763,519	237,097,812	1,585,640,837	12,742,160	37,392,814	1,951,637,142

*Fiscal years 2010 and 2011 have been revised in accordance with the implementation guidance in GASB Statement No. 62, *Codifications of Accounting and Financial Reporting Guidance contained in Pre- November 30, 1989 FASB* and AICPA Pronouncements and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities.* Fiscal years 2005 through 2009 have not been restated as permitted by the standards.

Metropolitan Transportation Commission

Toll Revenues - By Bridge (unaudited)
By Fiscal Year

Table 7

Fiscal Year	San Francisco-Oakland Bay Bridge	San Mateo-Hayward Bridge	Dumbarton Bridge	Carquinez Bridge	Benicia-Martinez Bridge	Antioch Bridge	Richmond-San Rafael Bridge	Total Revenue
2005	$ 85,879,816	$ 30,369,927	$ 18,559,373	$ 46,458,835	$ 36,529,638	$ 5,850,611	$ 24,492,701	$ 248,140,901
2006	94,092,670	35,638,094	21,839,387	51,766,708	41,578,791	6,675,489	28,685,717	280,276,856
2007	141,806,435	53,621,361	33,662,371	77,320,278	62,637,940	9,905,926	43,400,541	422,354,852
2008	161,335,048	59,628,110	37,589,986	85,225,636	73,663,301	10,545,060	49,389,963	477,377,104
2009	163,424,734	56,451,232	35,491,342	83,121,692	73,535,614	9,848,575	48,263,187	470,136,376
2010	157,455,482	58,242,972	35,674,460	81,501,610	74,627,628	9,498,837	49,084,593	466,085,582
2011	210,190,214	75,064,299	46,782,024	100,918,100	92,268,264	11,080,910	61,058,136	597,361,947
2012	215,612,429	81,627,375	48,539,902	106,862,308	95,967,433	11,982,407	65,271,303	625,863,157
2013	221,544,298	85,968,027	50,626,212	112,580,359	101,036,856	12,449,046	68,770,541	652,975,339
2014	222,048,270	91,087,608	54,087,642	113,605,892	105,084,694	13,033,474	72,559,357	671,506,937

Metropolitan Transportation Commission

Paid and Free Vehicles - By Bridge (in Number of Vehicles) (unaudited)
By Fiscal Year

Table 8

Fiscal Year	San Francisco-Oakland Bay Bridge	San Mateo-Hayward Bridge	Dumbarton Bridge	Carquinez Bridge	Benicia-Martinez Bridge	Antioch Bridge	Richmond-San Rafael Bridge	Total Traffic
2005	48,092,917	16,551,900	10,779,979	23,103,224	18,261,679	2,676,269	12,544,235	132,010,203
2006	46,253,979	16,948,414	10,957,158	22,709,571	18,292,428	2,687,915	12,645,557	130,495,022
2007	45,568,951	16,901,880	11,108,116	22,762,879	18,230,344	2,729,276	12,664,782	129,966,228
2008	45,139,513	16,376,583	10,767,813	21,795,287	18,508,003	2,559,936	12,528,248	127,675,383
2009	45,568,253	15,466,520	10,214,522	21,091,173	18,295,365	2,345,007	12,215,518	125,196,358
2010	43,579,404	15,808,435	10,135,134	20,517,470	18,581,186	2,263,717	12,383,708	123,269,054
2011	44,317,350	15,407,582	9,777,172	20,026,368	18,308,458	2,168,699	12,177,540	122,183,169
2012	44,460,209	16,241,002	9,929,399	20,065,557	18,266,053	2,181,315	12,523,905	123,667,440
2013	45,071,936	16,692,221	10,205,793	20,176,369	18,531,052	2,128,525	12,785,217	125,591,113
2014	45,332,246	17,758,098	10,909,076	20,397,621	19,237,717	2,193,962	13,561,516	129,390,236

Metropolitan Transportation Commission

Average Toll Rate Revenues ($000) - By Bridge (unaudited)

By Fiscal Year

Table 9

Fiscal Year	Antioch Bridge	Benicia-Martinez Bridge	Carquinez Bridge	Richmond Bridge	San Mateo - Hayward Bridge	Dumbarton Bridge	San Francisco - Oakland Bay Bridge
2005							
No. of paid vehicles ('000s)	2,472	17,116	21,344	11,758	14,790	9,298	43,357
Average toll rate	$ 2.37	$ 2.13	$ 2.18	$ 2.08	$ 2.05	$ 2.00	$ 1.98
Total revenues	$ 5,851	$ 36,530	$ 46,459	$ 24,493	$ 30,370	$ 18,559	$ 85,880
2006							
No. of paid vehicles ('000s)	2,479	17,071	20,914	11,908	15,131	9,529	41,265
Average toll rate	$ 2.69	$ 2.44	$ 2.48	$ 2.41	$ 2.36	$ 2.29	$ 2.28
Total revenues	$ 6,675	$ 41,579	$ 51,767	$ 28,686	$ 35,638	$ 21,839	$ 94,093
2007							
No. of paid vehicles ('000s)	2,517	16,975	20,722	11,913	14,881	9,516	40,134
Average toll rate	$ 3.94	$ 3.69	$ 3.73	$ 3.64	$ 3.60	$ 3.54	$ 3.53
Total revenues	$ 9,906	$ 62,638	$ 77,320	$ 43,401	$ 53,621	$ 33,662	$ 141,807
2008							
No. of paid vehicles ('000s)	2,366	17,440	19,875	11,782	14,358	9,194	39,555
Average toll rate	$ 4.46	$ 4.22	$ 4.29	$ 4.19	$ 4.15	$ 4.09	$ 4.08
Total revenues	$ 10,545	$ 73,663	$ 85,226	$ 49,390	$ 59,628	$ 37,590	$ 161,335
2009							
No. of paid vehicles ('000s)	2,208	17,426	19,441	11,542	13,629	8,708	40,118
Average toll rate	$ 4.46	$ 4.22	$ 4.28	$ 4.18	$ 4.14	$ 4.08	$ 4.07
Total revenues	$ 9,849	$ 73,536	$ 83,122	$ 48,263	$ 56,451	$ 35,491	$ 163,425
2010							
No. of paid vehicles ('000s)	2,136	17,715	19,057	11,752	14,058	8,746	38,649
Average toll rate	$ 4.45	$ 4.22	$ 4.28	$ 4.18	$ 4.15	$ 4.08	$ 4.08
Total revenues	$ 9,499	$ 74,628	$ 81,502	$ 49,085	$ 58,243	$ 35,674	$ 157,455
2011							
No. of paid vehicles ('000s)	2,118	17,987	19,593	11,987	15,209	9,634	43,282
Average toll rate	$ 5.23	$ 5.13	$ 5.15	$ 5.09	$ 4.94	$ 4.86	$ 4.86
Total revenues	$ 11,081	$ 92,268	$ 100,918	$ 61,058	$ 75,064	$ 46,782	$ 210,190
2012							
No. of paid vehicles ('000s)	2,124	17,908	19,613	12,320	16,016	9,777	43,382
Average toll rate	$ 5.64	$ 5.36	$ 5.45	$ 5.30	$ 5.10	$ 4.96	$ 4.97
Total revenues	$ 11,982	$ 95,967	$ 106,862	$ 65,271	$ 81,627	$ 48,540	$ 215,612
2013							
No. of paid vehicles ('000s)	2,078	18,101	19,685	12,558	16,426	10,010	43,872
Average toll rate	$ 5.99	$ 5.58	$ 5.72	$ 5.48	$ 5.23	$ 5.06	$ 5.05
Total revenues	$ 12,449	$ 101,037	$ 112,580	$ 68,771	$ 85,968	$ 50,626	$ 221,544
2014							
No. of paid vehicles ('000s)	2,142	18,791	19,856	13,309	17,434	10,712	44,037
Average toll rate	$ 6.08	$ 5.59	$ 5.72	$ 5.45	$ 5.22	$ 5.05	$ 5.04
Total revenues	$ 13,033	$ 105,085	$ 113,606	$ 72,559	$ 91,088	$ 54,088	$ 222,048

Metropolitan Transportation Commission

Ratios of General Bonded Debt Outstanding (unaudited)
By Fiscal Year

Table 10

Fiscal Year	Toll Revenue Bonds	Less: Amounts Available in Debt Service Fund	Total	Toll Revenues	Per Toll Vehicle
2005	$ 1,000,000,000	$ -	$ 1,000,000,000	$ 248,140,901	8
2006	3,143,420,000	24,148,268	3,119,271,732	280,276,856	24
2007	3,863,250,000	24,148,268	3,839,101,732	422,354,852	30
2008	4,328,390,000	238,449,821	4,089,940,179	477,377,104	32
2009	4,338,155,000	282,727,772	4,055,427,228	470,136,376	32
2010	5,595,125,000	358,975,732	5,236,149,268	466,085,582	42
2011	7,943,135,000	456,507,625	7,486,627,375	597,361,947	61
2012	7,904,440,000	455,624,170	7,448,815,830	625,863,157	60
2013	7,700,750,000	427,025,751	7,273,724,249	652,975,339	58
2014	8,544,585,000	475,439,245	8,069,145,755	671,506,937	62

Metropolitan Transportation Commission

Pledged-Revenue Coverage (unaudited)

By Fiscal Year

Table 11

	Toll Revenue Bonds					
				Debt Service		
Fiscal Year	Toll Revenues	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2005	$ 248,140,901	$ 54,371,891	$ 193,769,010	$ -	$ 35,373,668	5
2006	280,276,856	81,589,254	198,687,602	5,785,000	63,146,496	3
2007	422,354,852	100,926,883	321,427,969	29,705,000	131,438,684	2
2008	477,377,104	101,090,539	376,286,565	42,620,000	191,859,414	2
2009	470,136,376	101,572,555	368,563,821	40,865,000	197,742,351	2
2010*	466,085,582	105,760,787	360,324,795	35,345,000	225,200,837	1
2011*	597,361,947	117,390,258	479,971,689	36,990,000	394,710,917	1
2012	625,863,157	119,167,770	506,695,387	38,695,000	410,113,398	1
2013	652,975,339	136,394,953	516,580,386	40,540,000	400,483,838	1
2014	671,506,937	149,382,450	522,124,487	46,165,000	443,976,648	1

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Metropolitan Transportation Commission
Miscellaneous Statistics (unaudited)
June 30, 2014

Table 12

Date of Incorporation	1970
Form of Government	Commissioners with Appointed Executive Director
Number of Commissioners	18 Voting and 3 Non-Voting Members
Number of Employees (Approved Positions)	191
Type of Tax Support	3.5% of TDA Sales Tax
Region in Which Commission Operates	San Francisco Bay Area San Jose, San Francisco & Oakland Combined Statistical Area
Number of Counties in the Region	9
Area of Authority in Square Miles	6,980
Population of Region in Which Commission Operates	7,420,453
Number of Toll Bridges in the Region	8
Traffic for All Toll Bridges - Number of Vehicles (excluding Golden Gate Bridge, Highway and Transportation District)	129,390,236
Toll Revenues (excluding Golden Gate Bridge, Highway and Transportation District)	$671,506,937
Number of Call Boxes in the Region	1708

Metropolitan Transportation Commission

Demographic Statistics for Nine San Francisco Bay Area Counties (unaudited)

Last Ten Calendar Years

Table 13

Year	Population [1]	Per Capita Income[2, 5]	Median Age[2, 5]	School Enrollment[3]	Unemployment Rate[4]
2005	7,096,575	N/A	N/A	973,751	4.49 %
2006	7,126,284	N/A	N/A	971,392	4.61 %
2007	7,204,492	N/A	N/A	970,721	4.19 %
2008	7,301,080	N/A	N/A	974,089	5.81 %
2009	7,375,678	N/A	N/A	978,117	10.58 %
2010	7,459,858	$31,076	38.9	979,876	10.77 %
2011	7,150,739	N/A	N/A	985,964	10.17 %
2012	7,249,563	N/A	N/A	994,207	8.69 %
2013	7,327,626	N/A	N/A	1,004,436	6.69 %
2014	7,420,453	N/A	N/A	1,013,055	5.34 %

Data Sources

1 State of California, Dept. of Finance, Demographic Research Unit

2 Bureau of Census

3 California Department of Education

4 State of California, Employment Development Department

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

N/A - Not Available

Metropolitan Transportation Commission
Ten Largest Employers (unaudited)
Fiscal Years 2014 and 2005

Table 14

2014[1]			2005[2]		
Employer	**Employees**	**Rank**	**Employer**	**Employees**	**Rank**
Kaiser Permanente	30,803	1	City and County of San Francisco	28,732	1
City and County of San Francisco	26,901	2	Kaiser Permanente	28,282	2
University of California, San Francisco	22,664	3	University of California, Berkeley	21,035	3
University of California, Berkeley	21,390	4	University of California, San Francisco	18,600	4
Safeway Inc.	18,450	5	State of California	14,648	5
State of California	15,982	6	SBC Communications	14,485	6
Wells Fargo Bank	15,111	7	US Postal Service	13,290	7
Stanford University	12,973	8	Wells Fargo Bank	12,590	8
US Postal Service	11,092	9	Safeway Inc.	11,959	9
Contra Costa County	9,800	10	United Airlines	11,087	10

Data Sources

[1]2014 Book of Lists, San Francisco Business Times

[2]2005 Book of Lists, San Francisco Business Times

Metropolitan Transportation Commission

Full-Time Equivalent Employees by Function (unaudited)

Last Ten Fiscal Years

Table 15

Functions	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
General government	56	65	65	66	66	63	64	74	68	69
Transportation	58	68	68	67	67	67	67	64	73	76
Business-type Activities										
Toll bridge activities	10	30	30	33	33	33	34	33	34	41
Congestion relief	6	6	6	4	4	5	5	5	5	5
	130	169	169	170	170	168	170	176	180	191

Metropolitan Transportation Commission

Ratio of Retiree Medical Premium to Covered Payroll (unaudited)
By Fiscal Year

Table 16

Fiscal Year	Retiree Premiums	Covered Payroll*	% of Covered Payroll
2005	$ 268,105	$11,694,664	2.30%
2006	308,512	12,687,014	2.40%
2007	353,378	15,193,161	2.30%
2008	428,810	16,122,962	2.70%
2009	452,003	16,711,761	2.70%
2010	501,102	17,011,660	2.95%
2011	562,678	17,417,779	3.20%
2012	632,904	17,799,482	3.56%
2013	679,688	18,966,022	3.58%
2014	658,421	20,191,937	3.26%

* From MTC records