



AGENDA

FINANCE COMMITTEE Meeting Notice

Date: 11:30 a.m., Tuesday, November 18, 2014
Location: Room 263, City Hall
Commissioners: Commissioners Cohen (Chair), Wiener (Vice Chair), Chiu, Farrell, Tang and Avalos (Ex Officio)

CLERK: Steve Stamos

Page

1. Roll Call

Consent Calendar

- | | | |
|-----------|--|----------|
| 2. | Approve the Minutes of the October 7, 2014 Meeting – ACTION* | 3 |
| 3. | Internal Accounting and Investment Report for the Three Months Ending September 30, 2014 – INFORMATION* | 5 |

The Transportation Authority's Fiscal Policy directs staff to give a quarterly report of expenditures including a comparison to the approved budget. The Transportation Authority's Investment Policy directs that a review of portfolio compliance be presented along with the quarterly report. **The Internal Accounting Report for the three months ending September 30, 2014, is presented for information.**

End of Consent Calendar

- | | | |
|-----------|---|-----------|
| 4. | Recommend Acceptance of the Audit Report for the Fiscal Year Ended June 30, 2014 – ACTION* | 27 |
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The Transportation Authority's financial records are required to be audited annually by an independent, certified public accountant. The annual audit (Audit Report) for the year ended June 30, 2014 was conducted in accordance with generally accepted auditing standards by the independent, certified public accounting firm of Macias, Gini & O'Connell, LLP (Macias Gini). Macias Gini is also the auditor for the City and County of San Francisco. The Transportation Authority received all unmodified (also known as a clean opinion/unqualified opinion) audit opinions from Macias Gini, with no findings or recommendations for improvements. For the fiscal audit, Macias Gini has issued an opinion, stating that the financial statements present fairly, in all material respects, the financial position of the Transportation Authority. Since more than \$500,000 in federal grants was expended during the year, a single audit (compliance audit) was performed on the Yerba Buena Island Ramps and Bridge Structures Project, eFleet: Carsharing Electrified Project, Integrated Public Private Partnership Travel Demand Management Program, San Francisco Value Pricing and Regulation Study, Treasure Island Mobility Management Program, and Congestion Management Agency Planning and Programming funded by the Surface Transportation Program. For the single audit, Macias Gini has issued an opinion, stating the Transportation Authority complied in all material respects with the compliance requirements that could have a direct and material effect on the federal funds audited. The full audit report and a separate report

containing other required communications to the Finance Committee are attached. **We are seeking a recommendation to accept the Audit Report for the fiscal year ended June 30, 2014.**

5. **Introduction of New Items – INFORMATION**
6. **Public Comment**
7. **Adjournment**

* Additional materials

Please note that the meeting proceedings can be viewed live or on demand after the meeting at www.sfgovtv.org. To know the exact cablecast times for weekend viewing, please call SFGovTV at (415) 554-4188 on Friday when the cablecast times have been determined.

The Legislative Chamber (Room 250) and the Committee Room (Room 263) in City Hall are wheelchair accessible. Meetings are real-time captioned and are cablecast open-captioned on SFGovTV, the Government Channel 26. Assistive listening devices for the Legislative Chamber are available upon request at the Clerk of the Board's Office, Room 244. Assistive listening devices for the Committee Room are available upon request at the Clerk of the Board's Office, Room 244 or in the Committee Room. To request sign language interpreters, readers, large print agendas or other accommodations, please contact the Clerk of the Authority at (415) 522-4800. Requests made at least 48 hours in advance of the meeting will help to ensure availability.

The nearest accessible BART station is Civic Center (Market/Grove/Hyde Streets). Accessible MUNI Metro lines are the F, J, K, L, M, N, T (exit at Civic Center or Van Ness Stations). MUNI bus lines also serving the area are the 5, 6, 9, 19, 21, 47, 49, 71, and 71L. For more information about MUNI accessible services, call (415) 701-4485.

There is accessible parking in the vicinity of City Hall at Civic Center Plaza and adjacent to Davies Hall and the War Memorial Complex. Accessible curbside parking is available on Dr. Carlton B. Goodlett Place and Grove Street.

In order to assist the Transportation Authority's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at all public meetings are reminded that other attendees may be sensitive to various chemical-based products. Please help the Transportation Authority accommodate these individuals.

If any materials related to an item on this agenda have been distributed to the Finance Committee after distribution of the agenda packet, those materials are available for public inspection at the Transportation Authority at 1455 Market Street, Floor 22, San Francisco, CA 94103, during normal office hours.

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code Sec. 2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 25 Van Ness Avenue, Suite 220, San Francisco, CA 94102; telephone (415) 252-3100; fax (415) 252-3112; website www.sfethics.org.



DRAFT MINUTES

FINANCE COMMITTEE

Tuesday, October 7, 2014

1. Roll Call

Chair Cohen called the meeting to order at 11:42 a.m.

Present at Roll Call: Commissioners Chiu, Cohen, Farrell, Tang and Wiener (5)

2. Approve the Minutes of the September 9, 2014 Meeting – ACTION

There was no public comment.

The minutes were approved without objection by the following vote:

Ayes: Commissioners Chiu, Cohen, Farrell, Tang and Wiener (5)

3. State and Federal Legislative Update – INFORMATION/ACTION

Amber Crabbe, Principal Transportation Planner, presented the item per the staff memorandum. She reported that the legislative session had ended and that the next session would begin on December 1st.

Ms. Crabbe said that Governor Brown signed the Transportation Authority's Assembly Bill (AB) 141 (Ammiano) into law which officially created a new Treasure Island Mobility Management Agency (TIMMA) and firewalled TIMMA activities from other Transportation Authority resources and activities. She thanked Assemblymember Ammiano and Mark Watts, the Transportation Authority's state legislative advocate, for all their hard work moving the bill through the legislative process.

Ms. Crabbe stated that Governor Brown signed three other bills into law that the Transportation Authority supported: Senate Bill (SB) 1077 (DeSaulnier) which established a road usage charge pilot project; SB 1183 (DeSaulnier) which authorized a \$5 vehicle registration fee for bicycle infrastructure; and AB 1193 (Ting) which created a new class of bike infrastructure for separated bikeways. She also reported that the Governor vetoed four bills the Transportation Authority supported: AB 1532 (Gatto), AB 2337 (Linder), AB 2398 (Levine), and SB 1151 (Cannella) that increased penalties for unsafe driver behavior around schools, bicyclists, and pedestrians. She said that the Governor's veto message indicated that he thought the penalties for those offenses were high enough.

Ms. Crabbe noted that staff would begin developing the Transportation Authority's 2015 state and federal legislative program and would work closely with the Metropolitan Transportation Commission, other Congestion Management Agencies, the San Francisco Municipal Transportation Agency, and the Mayor's Office throughout the process. She said that the program would likely include an increased focus on pedestrian safety measures given the new Vision Zero work and a renewed effort to reduce the voter threshold for local revenue measures.

Commissioner Tang commented that she supported an advocacy effort next year to make bicycling and walking safer, in particular around schools.

There was no public comment.

4. **Recommend Award of a Three-Year Professional Services Contract, with an Option to Extend for Two Additional One-Year Periods, to SPTJ Consulting in an Amount Not to Exceed \$550,000 for Computer Network and Maintenance Services and Authorize the Executive Director to Negotiate the Contract Payment Terms and Non-Material Contract Terms and Conditions – ACTION**

Cynthia Fong, Deputy Director for Finance and Administration, presented the item per the staff memorandum.

Chair Cohen asked if the firm who submitted their proposal past the deadline would be able to participate in future procurements.

Ms. Fong responded in the affirmative and added that the Transportation Authority only considered proposals submitted by the deadline to be fair to those firms.

There was no public comment.

The item was approved without objection by the following vote:

Ayes: Commissioners Chiu, Cohen, Farrell, Tang and Wiener (5)

5. **Introduction of New Items**

There was no public comment.

6. **Public Comment**

There was no public comment.

7. **Adjournment**

The meeting was adjourned at 11:54 a.m.



Memorandum

Date: 11.13.14 **RE:** Finance Committee
November 18, 2014

To: Finance Committee: Commissioners Cohen (Chair), Wiener (Vice Chair), Chiu, Farrell, Tang and Avalos (Ex Officio)

From: Cynthia Fong – Deputy Director for Finance and Administration *CF*

Through: Tilly Chang – Executive Director *TC*

Subject: **INFORMATION** – Internal Accounting and Investment Report for the Three Months Ending September 30, 2014

Summary

The Transportation Authority's Fiscal Policy directs staff to give a quarterly report of expenditures including a comparison to the approved budget. The Transportation Authority's Investment Policy directs that a review of portfolio compliance be presented along with the quarterly report. **The Internal Accounting Report for the three months ending September 30, 2014, is presented for information.**

BACKGROUND

The Transportation Authority's Fiscal Policy (Resolution 14-43) establishes an annual audit requirement, and also directs staff to report to the Finance Committee, on at least a quarterly basis, the Transportation Authority's actual expenditures in comparison to the approved budget. The Transportation Authority's Investment Policy (Resolution 14-43) directs a review of portfolio compliance with the Investment Policy in conjunction with, and in the context of, the quarterly expenditure and budgetary report.

Internal Accounting Report: Using the format of the Transportation Authority's annual financial statements for governmental funds, the Internal Accounting Report includes two tables, a Balance Sheet (Table 1) and a Statement of Revenues, Expenditures, and Changes in Fund Balances, with Budget Comparison (Table 2). In Table 2, the last two columns show, respectively, the budget values, and the variance of revenues and expenditures as compared to the approved budget. The Treasure Island Mobility Management Agency (TIMMA) program is separated as a new fund and program in the Fiscal Year (FY) 2014/15 budget. On April 1, 2014, through Resolution No. 110-14, the San Francisco Board of Supervisors designated the Transportation Authority as the TIMMA for San Francisco to oversee the implementation of the Treasure Island Transportation Implementation Plan in accordance with the Treasure Island Transportation Management Act (AB 981), which includes congestion pricing and travel demand management on Treasure Island. For the three months ending September 30, 2014, the numbers in the approved budget column are one-fourth of the total approved annual budget for FY 2014/15. Although the sales tax (Prop K) and vehicle registration fees (Prop AA) accruals are included for the three-month total, the Internal Accounting Report does not include the Governmental Accounting Standards Board Statement Number 34 adjustments, or the other accruals, that are done at year-end. The Balance Sheet values as of September 30, 2014 are used as the basis for the Investment Policy compliance review.

Investment Report: The investment policies and practices of the Transportation Authority are subject to and limited by applicable provisions of state law, and to prudent money management principles. All investable funds are invested in accordance with the Transportation Authority's Investment Policy and applicable provisions of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code (Section 53600 et seq.). Any investment of bond proceeds will be further restricted by the provisions of relevant bond documents.

In managing its investment program, the Transportation Authority observes the "Prudent Investor" standard as stated in Government Code Section 53600.3, applied in the context of managing an overall portfolio. Investments are to be made with care, skill, prudence and diligence, taking into account the prevailing circumstances, including, but not limited to general economic conditions, the anticipated needs of the Transportation Authority and other relevant factors that a prudent person acting in a fiduciary capacity and familiar with those matters would use in the stewardship of funds of a like character and purpose.

The primary objectives, in priority order, for the Transportation Authority's investment activities are:

- 1) **Safety.** Safety of the principal is the foremost objective of the investment program. Investments of the Transportation Authority will be undertaken in a manner that seeks to ensure preservation of the principal of the funds under its control.
- 2) **Liquidity.** The Transportation Authority's investment portfolio will remain sufficiently liquid to enable the Transportation Authority to meet its reasonably anticipated cash flow requirements.
- 3) **Return on Investment.** The Transportation Authority's investment portfolio will be managed with the objective of attaining a market rate of return throughout budgetary and economic cycles commensurate with the Transportation Authority's investment risk parameters and the cash flow characteristics of the portfolio.

Permitted investment instruments are specifically listed in the Transportation Authority's Investment Policy, and include the San Francisco City and County Treasury Pool, certificates of deposit, and money market funds.

The purpose of this memorandum is to provide the Finance Committee with the Internal Accounting Report and the Investment Report for the FY 2014/15 period ending September 30, 2014.

DISCUSSION

The Balance Sheet, Table 1, presents assets, liabilities, and fund balances as of September 30, 2014. Cash, deposits and investments total to \$82 million as of September 30, 2014. Other assets total \$56.6 million and includes \$16.8 million of program receivable mainly related to grant reimbursements for the I-80/Yerba Buena Island Interchange Improvement Project, \$10.6 million in an intergovernmental loan receivable from the Treasure Island Development Authority for the repayment of preliminary engineering and design costs for the Yerba Buena Island Interchange Improvement Project, and \$23.5 million in sales tax receivable. Liabilities total \$159 million as of September 30, 2013 and include \$20.5 million in accounts payable and an outstanding commercial paper repayment obligation of \$135 million.

There is a negative of \$20.9 million in total fund balances, which is largely the result of how multi-year programming commitments are accounted for. Sales tax revenues, grant reimbursements and debt proceeds collected for the remaining months in FY 2014/15 will fully fund this difference. This amount is obtained as follows: \$342,687 is restricted for debt service, \$13 million is restricted for capital projects, and \$34.4 million is an unassigned negative fund balance. The unassigned negative fund

balance reflects grant-funded capital projects that are scheduled to be implemented over the course of several fiscal years. The commitments are multi-year commitments and are funded with non-current (i.e. future) revenues. Commitments of future revenues are tracked through the grant administration process, and there is no issue with the availability of future revenues to honor them. A negative fund balance is a result of how these commitments are accounted for, and it does not affect the viability of the projects or grants. In addition, the Transportation Authority does not hold or retain title for the projects it has constructed or for the vehicles and system improvements purchased with sales tax funds, which can result in a negative position. This reporting of all legal funding commitments without the corresponding revenue or assets creates or largely contributes to the \$34.4 million unassigned negative fund balance.

TABLE 1

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Internal Accounting Report
Balance Sheet (Unaudited)
Governmental Funds
September 30, 2014

	Sales Tax Program	Congestion Management Agency Programs	Transportation Fund For Clean Air Program	Vehicle Registration Fee for Transportation Improvements Program	Treasure Island Mobility Management Agency Program	Total
Assets:						
Cash in bank	\$ 5,032,398	\$ -	\$ 829,347	\$ 11,010,086	\$ -	\$ 16,871,831
Deposits and investments with City Treasurer	64,740,761	-	-	-	-	64,740,761
Restricted investments with fiscal agent	342,687	-	-	-	-	342,687
Sales tax receivable	23,482,642	-	-	-	-	23,482,642
Vehicle registration fee receivable	-	-	-	1,264,967	-	1,264,967
Interest receivable from						
City and County of San Francisco	89,523	-	-	-	-	89,523
Program receivables	1,408,129	14,886,397	371,237	-	97,539	16,763,302
Receivable from the						
City and County of San Francisco	-	520,486	-	-	250,528	771,014
Other receivables	7,141	-	-	-	-	7,141
Intergovernmental loan receivable	10,626,477	-	-	-	-	10,626,477
Due from other funds	3,439,421	-	-	-	-	3,439,421
Prepaid costs and deposits	151,308	-	-	-	-	151,308
Total assets	\$ 109,320,487	\$ 15,406,883	\$ 1,200,584	\$ 12,275,053	\$ 348,067	\$ 138,551,074
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit):						
Liabilities:						
Accounts payable	\$ 7,715,586	\$ 12,591,211	\$ 66,944	\$ -	\$ 89,903	\$ 20,463,644
Accrued salaries and taxes	32,085	-	-	-	-	32,085
Interest payable	20,683	-	-	-	-	20,683
Due to other funds	-	2,815,672	382,926	5,317	235,506	3,439,421
Commercial paper notes payable	135,000,000	-	-	-	-	135,000,000
Total liabilities	142,768,354	15,406,883	449,870	5,317	325,409	158,955,833
Deferred Inflows of Resources:						
Unavailable program revenues	463,368	-	-	-	-	463,368
Fund Balances (Deficit):						
Nonspendable	151,308	-	-	-	-	151,308
Restricted for:						
Debt service	342,687	-	-	-	-	342,687
Capital projects	-	-	750,714	12,269,736	22,658	13,043,108
Unassigned	(34,405,230)	-	-	-	-	(34,405,230)
Total fund balances (deficit)	(33,911,235)	-	750,714	12,269,736	22,658	(20,868,127)
Total liabilities, deferred inflows of resources and fund balances (deficit)	\$ 109,320,487	\$ 15,406,883	\$ 1,200,584	\$ 12,275,053	\$ 348,067	

The Statement of Revenues, Expenditures, and Changes in Fund Balances with Budget Comparison compares budget to actual levels for revenues and expenditures for the first three months of the fiscal year. The Transportation Authority earned \$38 million of revenues in the first quarter. Sales tax revenues and vehicle registration fees total \$26.4 million and \$1.3 million, respectively for the three months ending September 30, 2014 and program revenues total \$10.1 million.

As of September 30, 2014, the Transportation Authority incurred \$14.5 million of expenditures. Expenditures included \$12.6 million in capital projects costs, \$21,385 in interest and fiscal charges, and \$1.9 million for personnel and non-personnel expenditures.

TABLE 2

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY									
Internal Accounting Report									
Statement of Revenues, Expenditures, and Changes in Fund Balances with Budget Comparison (Unaudited)									
Governmental Funds									
For the Three Months Ending September 30, 2014									
	Sales Tax Program	Congestion Management Agency Programs	Transportation Fund For Clean Air Program	Vehicle Registration Fee for Transportation Improvements Program	Treasure Island Mobility Management Agency Program	Total	Budget	Variance With Final Budget Positive (Negative)	
Revenues:									
Sales tax	\$ 26,406,916	\$ -	\$ -	\$ -	\$ -	\$ 26,406,916	\$ 22,956,548	\$ 3,450,368	
Vehicle registration fee	-	-	-	1,264,967	-	1,264,967	1,181,930	83,037	
Investment income	140,325	-	541	1,048	-	141,914	98,002	43,912	
Program revenues	-	10,004,293	-	-	144,195	10,148,488	13,033,857	(2,885,369)	
Other	6,364	-	-	-	-	6,364	1,418,805	(1,412,441)	
Total revenues	<u>26,553,605</u>	<u>10,004,293</u>	<u>541</u>	<u>1,266,015</u>	<u>144,195</u>	<u>37,968,649</u>	<u>38,689,142</u>	<u>(720,493)</u>	
Expenditures:									
Current - transportation and capital projects:									
Personnel expenditures	894,909	345,763	6,309	21,828	52,398	1,321,207	1,493,943	(172,736)	
Non-personnel expenditures	540,870	15,932	-	-	150	556,952	795,058	(238,106)	
Capital project costs	2,594,429	9,936,207	-	-	68,989	12,599,625	53,623,240	(41,023,615)	
Debt service									
Interest and fiscal charges	21,385	-	-	-	-	21,385	446,650	(425,265)	
Total expenditures	<u>4,051,593</u>	<u>10,297,902</u>	<u>6,309</u>	<u>21,828</u>	<u>121,537</u>	<u>14,499,169</u>	<u>56,358,891</u>	<u>(41,859,722)</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>22,502,012</u>	<u>(293,609)</u>	<u>(5,768)</u>	<u>1,244,187</u>	<u>22,658</u>	<u>23,469,480</u>	<u>(17,669,749)</u>	<u>41,139,229</u>	
Other financing sources (uses):									
Transfers in	-	293,609	-	-	-	293,609	535,008	(241,399)	
Transfers out	(239,690)	-	-	-	-	(239,690)	(535,008)	295,318	
Total other financing sources (uses)	<u>(239,690)</u>	<u>293,609</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,919</u>	<u>-</u>	<u>53,919</u>	
Net change in fund balances	<u>22,262,322</u>	<u>-</u>	<u>(5,768)</u>	<u>1,244,187</u>	<u>22,658</u>	<u>23,523,399</u>	<u>(17,669,749)</u>	<u>41,193,148</u>	
Fund balances (deficit), beginning of year	(56,173,557)	-	756,482	11,025,549	-	(44,391,526)			
Fund balances (deficit), end of September 30	<u>(33,911,235)</u>	<u>-</u>	<u>750,714</u>	<u>12,269,736</u>	<u>22,658</u>	<u>(20,868,127)</u>			

For the three months ending September 30, 2014, revenues were on target and lower than budgetary estimates by \$720,493 for all of the Transportation Authority's programs. Total expenditures were less than the budgetary estimates by \$41.9 million. This amount includes a favorable variance of \$410,842 for personnel and non-personnel expenditures, \$425,265 of interest and fiscal charges, and \$41 million in capital project costs. The variance in capital project costs is due to costs from project sponsors that have not yet been received by the Transportation Authority for the first quarter. Consistent with prior year patterns, Transportation Authority staff anticipates a higher level of Prop K reimbursement requests during the next quarters.

As of September 30, 2014, approximately 79% of the Transportation Authority's investable assets were invested in the City and County of San Francisco Treasury Pool. Other investment assets include a money market investment pool held by US Bank per the terms of the Transportation Authority's

Commercial Paper indenture. These investments are in compliance with both the California Government Code and the Transportation Authority's Board-adopted Investment Policy, and provide sufficient liquidity to meet expenditures requirements for the next six months. Attachment 1 is the most recent investment report furnished by the Office of the Treasurer.

CAC POSITION

Not applicable. This is an information item.

FINANCIAL IMPACTS

Not applicable. This is an information item.

RECOMMENDATION

Not applicable. This is an information item.

Attachment:

1. Investment Report for September 30, 2014



Pauline Marx, Chief Assistant Treasurer
Michelle Durgy, Chief Investment Officer

Investment Report for the month of September 2014

October 15, 2014

The Honorable Edwin M. Lee
Mayor of San Francisco
City Hall, Room 200
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

The Honorable Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4638

Ladies and Gentlemen,

In accordance with the provisions of California State Government Code, Section 53646, we forward this report detailing the City's pooled fund portfolio as of September 30, 2014. These investments provide sufficient liquidity to meet expenditure requirements for the next six months and are in compliance with our statement of investment policy and California Code.

This correspondence and its attachments show the investment activity for the month of September 2014 for the portfolios under the Treasurer's management. All pricing and valuation data is obtained from Interactive Data Corporation.

CCSF Pooled Fund Investment Earnings Statistics *

<i>(in \$ million)</i>	Current Month		Prior Month	
	Fiscal YTD	September 2014	Fiscal YTD	August 2014
Average Daily Balance	\$ 5,648	\$ 5,547	\$ 5,698	\$ 5,570
Net Earnings	11.29	3.78	7.51	3.75
Earned Income Yield	0.79%	0.83%	0.78%	0.79%

CCSF Pooled Fund Statistics *

<i>(in \$ million)</i>	% of Portfolio	Book Value	Market Value	Wtd. Avg. Coupon	Wtd. Avg. YTM	WAM
Investment Type						
U.S. Treasuries	11.17%	\$ 635.0	\$ 637.4	1.13%	1.07%	717
Federal Agencies	67.39%	3,845.9	3,845.0	0.92%	0.81%	772
State & Local Government						
Agency Obligations	1.44%	83.7	82.1	2.27%	0.88%	505
Public Time Deposits	0.01%	0.5	0.5	0.46%	0.46%	161
Negotiable CDs	5.53%	315.5	315.6	0.42%	0.42%	598
Medium Term Notes	13.67%	785.7	779.9	1.35%	0.43%	248
Money Market Funds	0.79%	45.1	45.1	0.03%	0.03%	1
Totals	100.0%	\$ 5,711.3	\$ 5,705.6	0.99%	0.76%	674

In the remainder of this report, we provide additional information and analytics at the security-level and portfolio-level, as recommended by the California Debt and Investment Advisory Commission.

Very truly yours,

José Cisneros
Treasurer

cc: Treasury Oversight Committee: Aimee Brown, Ronald Gerhard, Joe Grazioli, Charles Perl
Ben Rosenfield, Controller, Office of the Controller
Tonia Lediju, Internal Audit, Office of the Controller
Cynthia Fong, Deputy Director for Finance & Administration, San Francisco County Transportation Authority
Carol Lu, Budget Analyst
San Francisco Public Library

* Please see last page of this report for non-pooled funds holdings and statistics.

Portfolio Summary

Pooled Fund

As of September 30, 2014

<i>(in \$ million)</i>									
Security Type	Par Value	Book Value	Market Value	Market/Book Price	Current % Allocation	Max. Policy Allocation	Compliant?		
U.S. Treasuries	\$ 635.0	\$ 635.0	\$ 637.4	100.39	11.17%	100%	Yes		
Federal Agencies	3,834.2	3,845.9	3,845.0	99.98	67.39%	85%	Yes		
State & Local Government Agency Obligations	81.1	83.7	82.1	98.00	1.44%	20%	Yes		
Public Time Deposits	0.5	0.5	0.5	100.00	0.01%	100%	Yes		
Negotiable CDs	315.5	315.5	315.6	100.05	5.53%	30%	Yes		
Bankers Acceptances	-	-	-	-	0.00%	40%	Yes		
Commercial Paper	-	-	-	-	0.00%	25%	Yes		
Medium Term Notes	777.3	785.7	779.9	99.26	13.67%	15%	Yes		
Repurchase Agreements	-	-	-	-	0.00%	100%	Yes		
Reverse Repurchase/Securities Lending Agreements	-	-	-	-	0.00%	\$75mm	Yes		
Money Market Funds	45.1	45.1	45.1	100.00	0.79%	100%	Yes		
LAIF	-	-	-	-	0.00%	\$50mm	Yes		
TOTAL	\$ 5,688.7	\$ 5,711.3	\$ 5,705.6	99.90	100.00%	-	Yes		

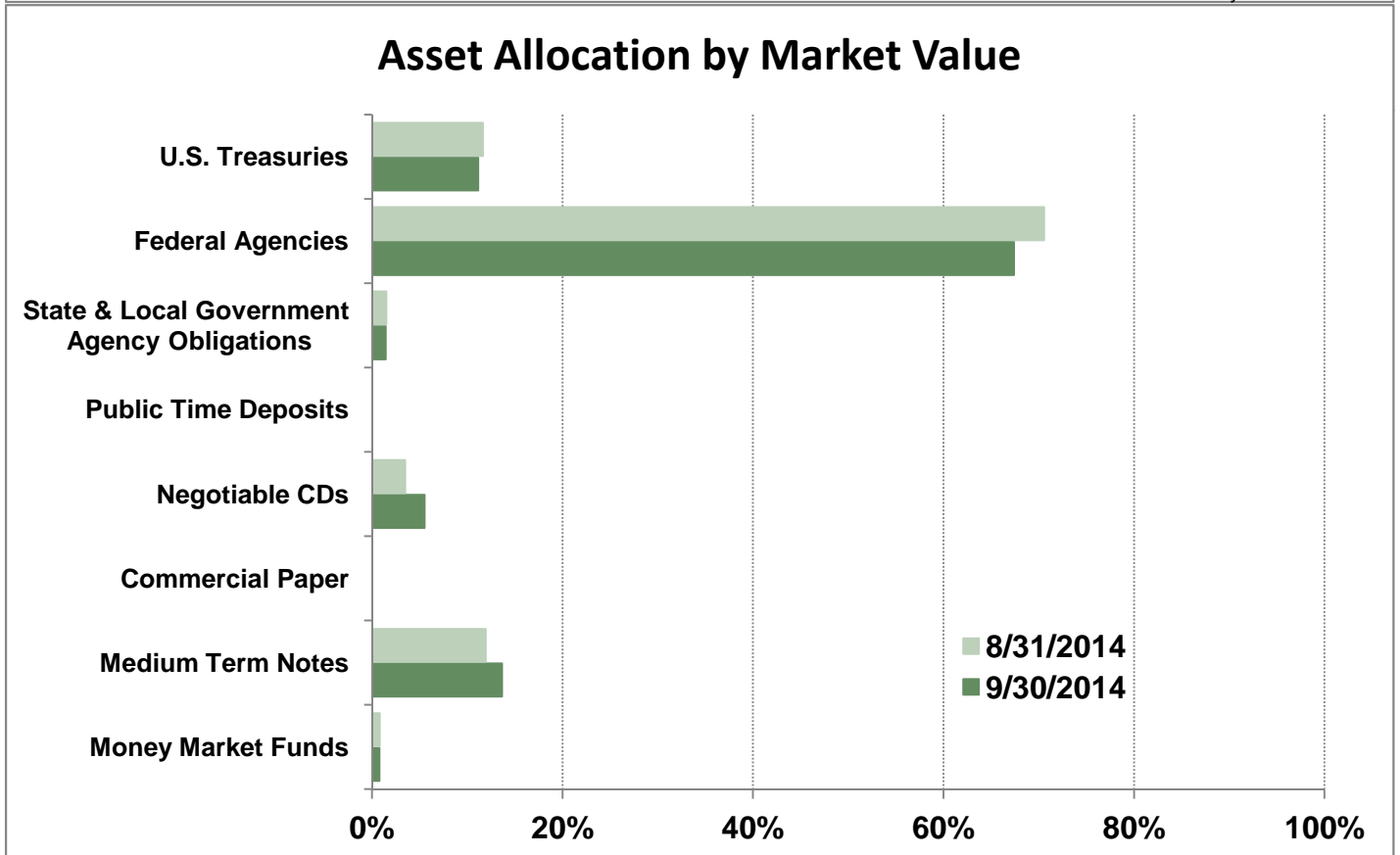
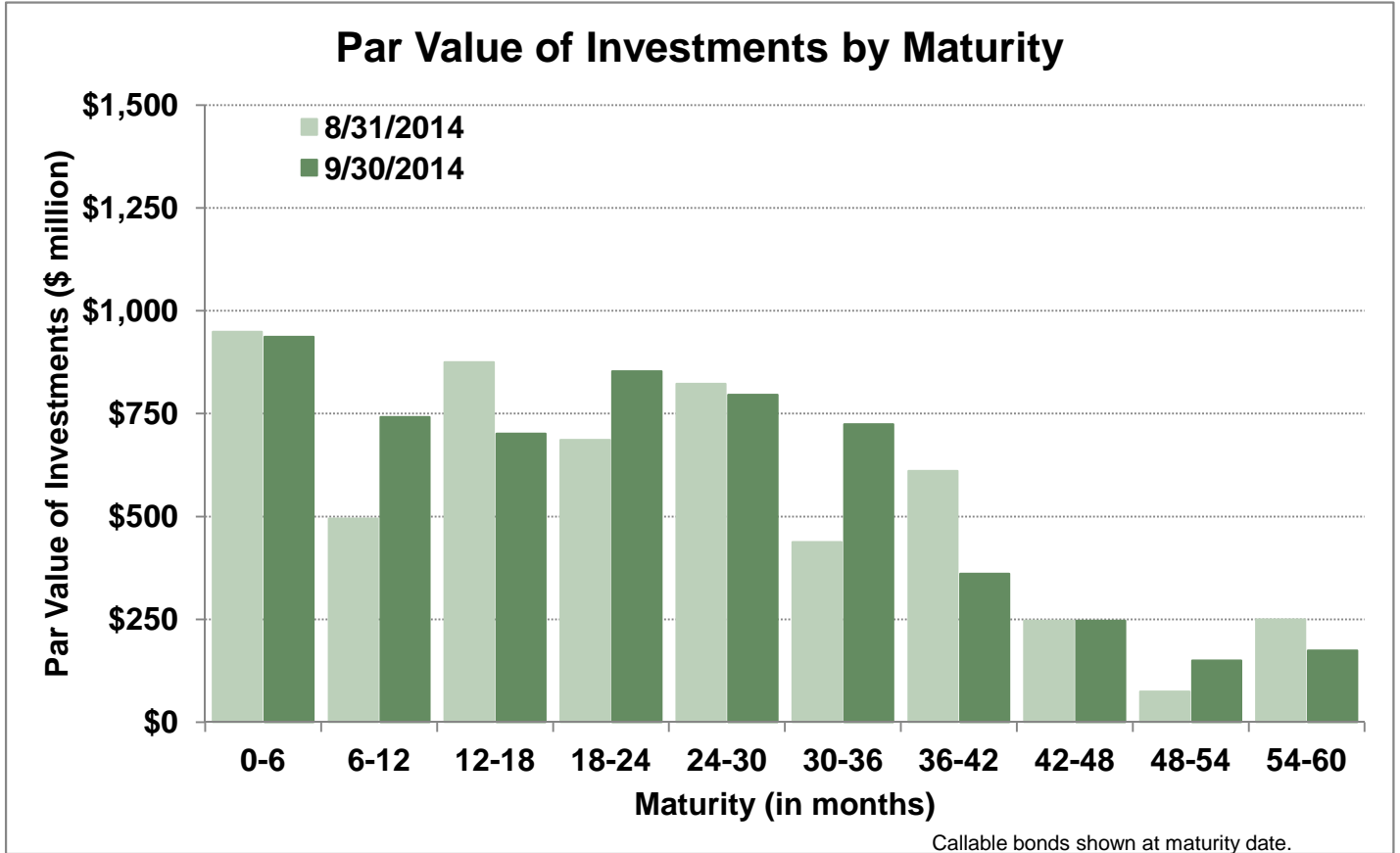
The City and County of San Francisco uses the following methodology to determine compliance: Compliance is pre-trade and calculated on both a par and market value basis, using the result with the lowest percentage of the overall portfolio value. Cash balances are included in the City's compliance calculations.

Please note the information in this report does not include cash balances. Due to fluctuations in the market value of the securities held in the Pooled Fund and changes in the City's cash position, the allocation limits may be exceeded on a post-trade compliance basis. In these instances, no compliance violation has occurred, as the policy limits were not exceeded prior to trade execution.

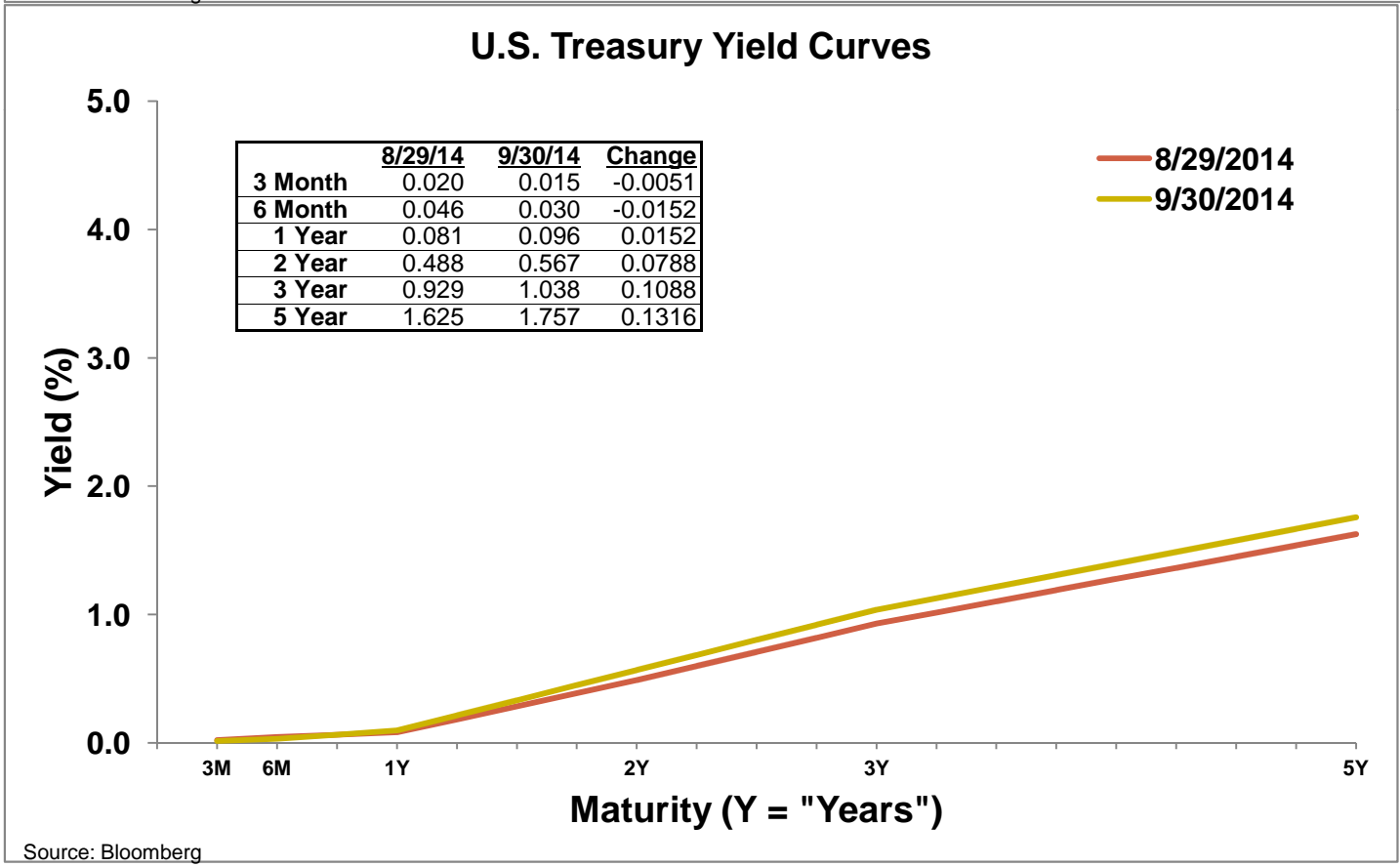
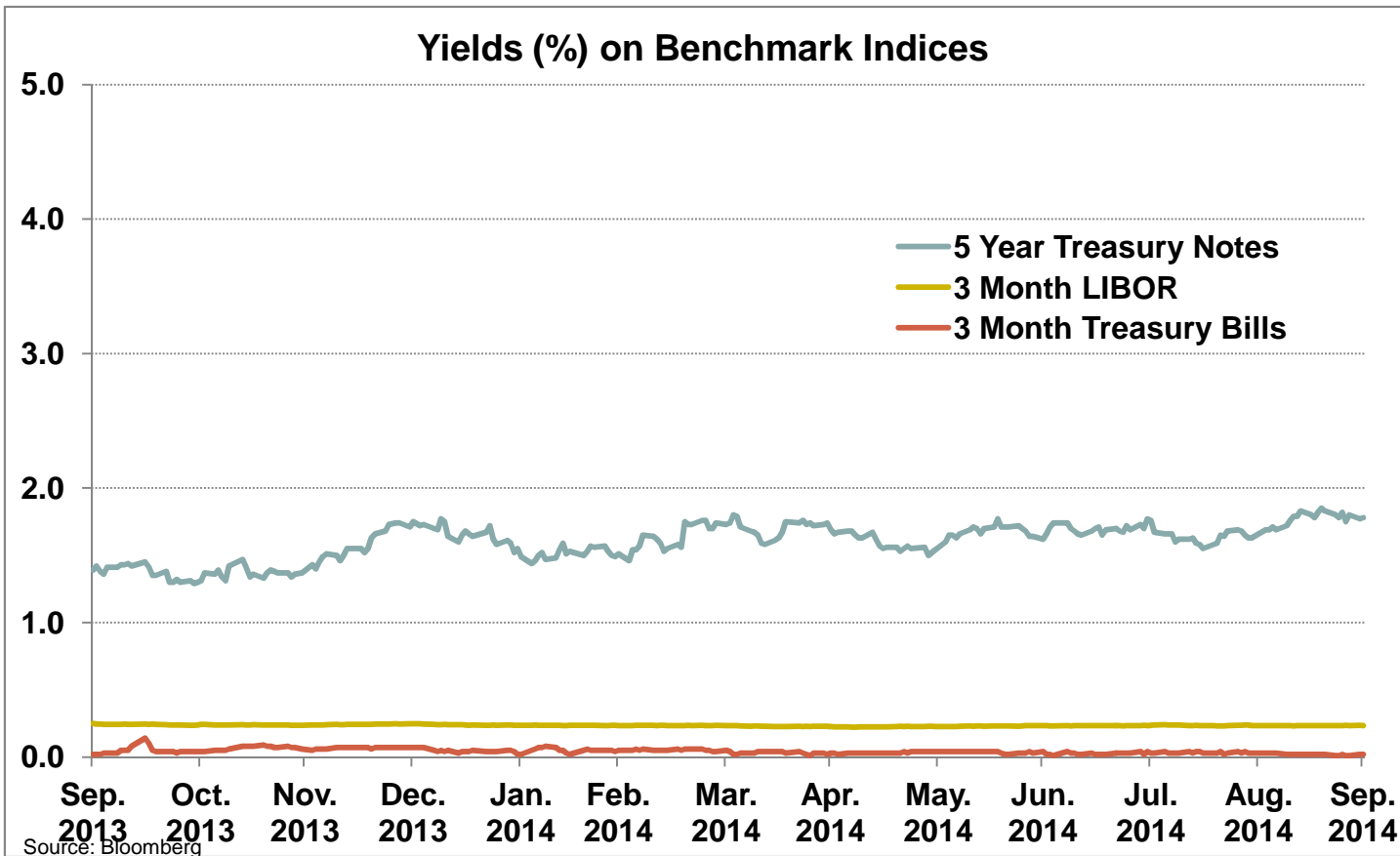
The full Investment Policy can be found at <http://www.sftreasurer.org/>, in the Reports & Plans section of the About menu.

Totals may not add due to rounding.

Portfolio Analysis Pooled Fund



Yield Curves



Investment Inventory

Pooled Fund

As of September 30, 2014

Type of Investment	CUSIP	Issue Name	Settle Date	Maturity Date	Duration	Coupon	Par Value	Book Value	Amortized Book Value	Market Value
U.S. Treasuries	912828MW7	US TSY NT	2/24/12	3/31/15	0.50	2.50	\$ 50,000,000	\$ 53,105,469	\$ 50,496,985	\$ 50,607,500
U.S. Treasuries	912828PE4	US TSY NT	12/23/11	10/31/15	1.07	1.25	25,000,000	25,609,375	25,170,954	25,291,000
U.S. Treasuries	912828PJ3	US TSY NT	12/16/10	11/30/15	1.16	1.38	50,000,000	49,519,531	49,887,183	50,677,500
U.S. Treasuries	912828PJ3	US TSY NT	12/16/10	11/30/15	1.16	1.38	50,000,000	49,519,531	49,887,183	50,677,500
U.S. Treasuries	912828PJ3	US TSY NT	12/23/10	11/30/15	1.16	1.38	50,000,000	48,539,063	49,655,630	50,677,500
U.S. Treasuries	912828RJ1	US TSY NT	10/11/11	9/30/16	1.99	1.00	75,000,000	74,830,078	74,931,694	75,562,500
U.S. Treasuries	912828RM4	US TSY NT	12/26/13	10/31/16	2.06	1.00	25,000,000	25,183,594	25,134,341	25,177,750
U.S. Treasuries	912828RX0	US TSY NT	2/25/14	12/31/16	2.23	0.88	25,000,000	25,145,508	25,115,007	25,066,500
U.S. Treasuries	912828SJ0	US TSY NT	3/14/12	2/28/17	2.40	0.88	75,000,000	74,771,484	74,888,895	75,076,500
U.S. Treasuries	912828SJ0	US TSY NT	3/21/12	2/28/17	2.40	0.88	25,000,000	24,599,609	24,804,574	25,025,500
U.S. Treasuries	912828SJ0	US TSY NT	3/21/12	2/28/17	2.40	0.88	25,000,000	24,599,609	24,804,574	25,025,500
U.S. Treasuries	912828SM3	US TSY NT	4/4/12	3/31/17	2.48	1.00	50,000,000	49,835,938	49,917,879	50,152,500
U.S. Treasuries	912828TM2	US TSY NT	9/17/12	8/31/17	2.89	0.63	60,000,000	59,807,813	59,886,855	59,208,000
U.S. Treasuries	912828UEB	US TSY NT	1/4/13	12/31/17	3.21	0.75	50,000,000	49,886,719	49,926,199	49,203,000
Subtotals					1.94	1.13	\$ 635,000,000	\$ 634,953,320	\$ 634,507,953	\$ 637,428,750

Federal Agencies	31315PRZ4	FARMER MAC MTN	4/9/13	10/11/14	0.00	0.24	\$ 18,000,000	\$ 17,996,400	\$ 18,000,000	\$ 18,000,000
Federal Agencies	31331J4S9	FFCB	12/16/10	12/8/14	0.19	1.40	24,000,000	23,998,000	23,999,438	24,057,120
Federal Agencies	31331J4S9	FFCB	1/28/10	12/8/14	0.19	1.40	19,000,000	18,986,680	18,997,984	19,045,220
Federal Agencies	3133XVNU1	FHLB	11/23/10	12/12/14	0.20	2.75	25,400,000	26,848,308	25,470,458	25,531,826
Federal Agencies	3133XVNU1	FHLB	11/23/10	12/12/14	0.20	2.75	2,915,000	3,079,668	2,923,011	2,930,129
Federal Agencies	3133XVNU1	FHLB	12/8/10	12/12/14	0.20	2.75	50,000,000	52,674,000	50,131,418	50,259,500
Federal Agencies	31331W93	FHLB	12/15/10	12/15/14	0.21	1.34	75,000,000	75,000,000	75,000,000	75,186,000
Federal Agencies	31331J6Q1	FFCB	12/29/10	12/29/14	0.25	1.72	27,175,000	27,157,065	27,173,907	27,279,624
Federal Agencies	3135G0HG1	FNMA GLOBAL	1/13/14	3/16/15	0.46	0.38	9,399,000	9,418,089	9,406,421	9,408,963
Federal Agencies	3133EAJP4	FFCB FLT NT 1ML+1.5	4/30/12	4/27/15	0.01	0.17	50,000,000	49,992,600	49,998,590	50,026,500
Federal Agencies	31315PWJ4	FARMER MAC FLT NT FF+26	5/3/12	5/1/15	0.16	0.35	50,000,000	50,000,000	50,000,000	50,060,000
Federal Agencies	3133EAQC5	FFCB FLT NT 1ML+1	6/8/12	5/14/15	0.04	0.16	50,000,000	49,985,500	49,996,951	50,024,500
Federal Agencies	3133EDC67	FFCB NT	12/19/13	6/18/15	0.72	0.25	50,000,000	49,992,500	49,996,429	50,046,500
Federal Agencies	3133EAVE5	FFCB FLT NT 1ML+2	12/5/12	6/22/15	0.02	0.17	50,000,000	49,987,300	49,996,391	50,031,500
Federal Agencies	31315PDZ9	FAMCA	11/22/13	7/22/15	0.81	2.38	15,000,000	15,511,350	15,247,672	15,264,000
Federal Agencies	3133ECVW1	FFCB FLT NT T-BILL+14	8/5/13	8/5/15	0.15	0.16	62,500,000	62,487,500	62,494,726	62,521,875
Federal Agencies	313383V81	FHLB	12/12/13	8/28/15	0.92	0.38	9,000,000	9,014,130	9,007,495	9,017,820
Federal Agencies	3137EACM9	FILMC BONDS	12/15/10	9/10/15	0.94	1.75	50,000,000	49,050,000	49,811,098	50,729,000
Federal Agencies	313370JB5	FHLB	12/15/10	9/11/15	0.94	1.75	75,000,000	73,587,000	74,718,380	76,100,250
Federal Agencies	31315PGT0	FARMER MAC	9/15/10	9/15/15	0.95	2.13	45,000,000	44,914,950	44,983,745	45,824,400
Federal Agencies	3133ECZG2	FFCB NT	12/10/13	9/16/15	0.96	0.55	52,047,000	52,286,229	52,160,535	52,225,001
Federal Agencies	3133ECJB1	FFCB FLT NT QTR T-BILL+16	4/24/11	9/18/15	0.03	0.17	16,200,000	16,198,073	16,199,226	16,209,396
Federal Agencies	31398A3T7	FNMA EX-CALL NT	10/14/11	9/21/15	0.97	2.00	25,000,000	25,881,000	25,217,493	25,439,000
Federal Agencies	3133EAFJ6	FFCB FLT NT 1ML+2.5	11/30/12	9/22/15	0.02	0.18	27,953,000	27,941,120	27,948,878	27,974,803
Federal Agencies	31398A4M1	FNMA	12/15/10	10/26/15	1.06	1.63	25,000,000	24,317,500	24,850,127	25,376,250
Federal Agencies	31398A4M1	FNMA	12/23/10	10/26/15	1.06	1.63	42,000,000	40,924,380	41,762,731	42,632,100
Federal Agencies	31331J2S1	FFCB	12/15/10	11/16/15	1.12	1.50	25,000,000	24,186,981	24,814,051	25,343,250

Investment Inventory

Pooled Fund

Type of Investment	CUSIP	Issue Name	Settle Date	Maturity Date	Duration	Coupon	Par Value	Book Value	Amortized Book Value	Market Value
Federal Agencies	3133ECLZ5	FFCB FLT NT MONTHLY 1ML+0	5/8/13	11/19/15	0.03	0.15	25,000,000	24,997,000	24,998,657	25,012,250
Federal Agencies	313371ZY5	FHLB	12/3/10	12/11/15	1.18	1.88	25,000,000	24,982,000	24,995,721	25,462,750
Federal Agencies	313371ZY5	FHLB	12/14/10	12/11/15	1.18	1.88	50,000,000	49,871,500	49,969,267	50,925,500
Federal Agencies	3133ED5A6	FFCB FLT	12/12/13	1/20/16	0.03	0.15	50,000,000	50,000,000	50,000,000	50,021,000
Federal Agencies	31315P3B3	FARMER MAC MTN	1/27/14	1/25/16	1.32	0.42	30,000,000	30,000,000	30,000,000	29,966,100
Federal Agencies	3133XP43	FHLB	12/12/13	3/11/16	1.43	3.13	14,000,000	14,848,400	14,545,252	14,529,060
Federal Agencies	313375RN9	FHLB NT	4/13/12	3/11/16	1.44	1.00	22,200,000	22,357,620	22,258,169	22,386,702
Federal Agencies	3133EAJU3	FFCB NT	4/12/12	3/28/16	1.49	1.05	25,000,000	25,220,750	25,083,048	25,214,500
Federal Agencies	3135G0VA8	FNMA GLOBAL NT	12/13/13	3/30/16	1.50	0.50	25,000,000	25,022,250	25,014,497	25,019,000
Federal Agencies	31315PTF6	FAMCA FLT MTN 1ML+0	4/1/13	4/1/16	0.00	0.15	50,000,000	50,000,000	50,000,000	50,015,000
Federal Agencies	313379Z21	FHLB NT	4/18/12	4/18/16	1.54	0.81	20,000,000	19,992,200	19,996,984	20,082,200
Federal Agencies	3133ECWT7	FFCB NT	11/20/13	5/9/16	1.60	0.65	22,650,000	22,746,489	22,712,755	22,693,715
Federal Agencies	3135G0RZ8	FNMA CALL NT	11/30/12	5/26/16	1.65	0.55	22,540,000	22,540,000	22,540,000	22,527,603
Federal Agencies	3133EDB35	FFCB FLT NT 1ML+3	1/15/14	6/2/16	0.01	0.19	50,000,000	49,991,681	49,994,161	50,038,500
Federal Agencies	31315PB73	FAMCA NT	2/9/12	6/9/16	1.68	0.90	10,000,000	10,000,000	10,000,000	10,055,900
Federal Agencies	313771AA5	FHLB SUB NT	5/20/13	6/13/16	1.63	5.63	16,925,000	19,472,890	18,337,714	18,344,331
Federal Agencies	313771AA5	FHLB SUB NT	5/30/13	6/13/16	1.63	5.63	14,195,000	16,259,095	15,349,777	15,385,393
Federal Agencies	313771AA5	FHLB SUB NT	9/4/14	6/13/16	1.63	5.63	8,620,000	9,489,812	9,458,115	9,342,873
Federal Agencies	3133EDDP4	FFCB NT	2/11/14	6/17/16	1.71	0.52	50,000,000	50,082,000	50,045,216	49,877,000
Federal Agencies	3130A1BK3	FHLB EX-CALL NT	3/24/14	6/24/16	1.73	0.50	25,000,000	25,000,000	25,000,000	24,968,750
Federal Agencies	3135G0XP3	FNMA GLOBAL NT	3/25/14	7/15/16	1.76	0.38	50,000,000	49,753,100	49,809,416	49,880,000
Federal Agencies	31315PA25	FAMCA MTN	7/27/11	7/27/16	1.80	2.00	15,000,000	14,934,750	14,976,250	15,374,700
Federal Agencies	31315PA25	FAMCA MTN	3/26/13	7/27/16	1.80	2.00	14,100,000	14,735,205	14,446,523	14,452,218
Federal Agencies	31315PA25	FAMCA MTN	3/26/13	7/27/16	1.80	2.00	11,900,000	12,440,498	12,194,857	12,197,262
Federal Agencies	31315PA25	FAMCA MTN	3/26/14	7/27/16	1.80	2.00	20,000,000	20,643,350	20,500,970	20,499,600
Federal Agencies	3135G0YE7	FNMA GLOBAL NT	3/17/14	8/26/16	1.90	0.63	50,000,000	50,124,765	50,097,102	50,027,000
Federal Agencies	31315PQB8	FAMCA NT	10/29/13	9/1/16	1.90	1.50	7,000,000	7,156,240	7,105,515	7,106,540
Federal Agencies	313370TW8	FHLB BD	10/11/11	9/9/16	1.91	2.00	25,000,000	25,727,400	25,287,313	25,653,000
Federal Agencies	3133EDH21	FFCB FLT NT 1ML+2	3/14/14	9/14/16	0.04	0.17	50,000,000	49,993,612	49,995,015	50,030,000
Federal Agencies	3134G4XW3	FHLMC EX-CALL MTN	3/26/14	9/26/16	1.98	0.60	25,000,000	25,000,000	25,000,000	24,917,500
Federal Agencies	3134G3P38	FHLMC NT CALL	12/14/12	10/5/16	2.00	0.75	75,000,000	75,071,250	75,009,096	74,921,250
Federal Agencies	3133EDJA1	FFCB FLT NT 1ML+2	4/11/14	10/11/16	0.05	0.17	25,000,000	24,993,750	24,994,933	25,014,500
Federal Agencies	3133EDUV2	FFCB NT	9/11/14	10/11/16	2.01	0.65	30,700,000	30,668,318	30,669,150	30,647,503
Federal Agencies	3137EADS5	FHLMC GLOBAL NT	3/3/14	10/14/16	2.02	0.88	25,000,000	25,200,250	25,155,843	25,105,250
Federal Agencies	3134G4HK7	FHLMC CALL STEP NT	10/24/13	10/24/16	2.05	0.50	25,000,000	25,000,000	25,000,000	25,003,500
Federal Agencies	313381GA7	FNMA CALL NT	11/4/13	11/4/16	2.06	1.50	18,000,000	18,350,460	18,191,553	18,214,380
Federal Agencies	3130A12F4	FHLB CALL NT	11/30/12	11/30/16	2.15	0.57	23,100,000	23,104,389	23,102,376	23,049,180
Federal Agencies	3130A12F4	FHLB CALL NT	3/19/14	12/19/16	2.21	0.70	20,500,000	20,497,950	20,498,349	20,482,370
Federal Agencies	313381KR5	FHLB NT CALL	12/28/12	12/28/16	2.23	0.63	13,500,000	13,500,000	13,500,000	13,469,490
Federal Agencies	313381KR5	FHLB NT CALL	12/28/12	12/28/16	2.23	0.63	9,000,000	9,000,000	9,000,000	8,979,660
Federal Agencies	3134G33C2	FHLMC NT	1/3/13	1/3/17	2.24	0.60	50,000,000	50,000,000	50,000,000	49,833,000
Federal Agencies	3133ECB37	FFCB NT	12/20/12	1/12/17	2.27	0.58	14,000,000	14,000,000	14,000,000	13,941,620
Federal Agencies	31315PWW5	FARMER MAC MTN	5/4/12	1/17/17	2.27	1.01	49,500,000	49,475,250	49,487,920	49,768,785
Federal Agencies	3133786Q9	FHLB NT	1/10/13	2/13/17	2.35	1.00	67,780,000	68,546,456	68,223,981	67,872,859

Investment Inventory Pooled Fund

Type of Investment	CUSIP	Issue Name	Settle Date	Maturity Date	Duration	Coupon	Par Value	Book Value	Amortized Book Value	Market Value
Federal Agencies	3133EDFW7	FFCB FLT NT 1ML+5.5	2/27/14	2/27/17	0.01	0.21	50,000,000	50,000,000	50,000,000	50,058,000
Federal Agencies	3134G4XM5	FHLMC CALL MTN	3/28/14	3/28/17	2.48	0.78	25,000,000	25,000,000	25,000,000	24,921,500
Federal Agencies	3136G1ZB8	FNMA CALL NT	3/28/14	3/28/17	2.47	0.88	25,000,000	25,000,000	25,000,000	24,937,250
Federal Agencies	31315PTQ2	FARMER MAC MTN	4/10/12	4/10/17	2.48	1.26	12,500,000	12,439,250	12,469,326	12,581,750
Federal Agencies	3133ECLL6	FFCB NT	4/17/13	4/17/17	2.53	0.60	10,000,000	10,000,000	10,000,000	9,931,000
Federal Agencies	31315PUQ0	FARMER MAC MTN	4/26/12	4/26/17	2.53	1.13	10,500,000	10,500,000	10,500,000	10,545,465
Federal Agencies	31315PV89	FARMER MAC FLT CALL NT 3ML+10	5/1/14	5/1/17	0.16	0.34	50,000,000	50,000,000	50,000,000	50,063,000
Federal Agencies	3137EADF3	FHLMC NT	5/14/12	5/12/17	2.57	1.25	25,000,000	25,133,000	25,069,563	25,174,500
Federal Agencies	3136FTR27	FNMA CALL NT	9/4/14	5/27/17	2.62	1.02	17,000,000	17,044,106	17,044,221	16,976,880
Federal Agencies	31315PZQ5	FARMER MAC MTN	12/28/12	6/5/17	2.64	1.11	9,000,000	9,122,130	9,073,730	8,985,870
Federal Agencies	3130A1ZR2	FHLB STEP NT	6/12/14	6/12/17	2.68	0.50	50,000,000	50,000,000	50,000,000	50,015,000
Federal Agencies	3133EAUW6	FFCB FLT NT FF+22	6/19/12	6/19/17	0.03	0.31	50,000,000	50,000,000	50,000,000	50,036,000
Federal Agencies	3137EADH9	FHLMC GLOBAL NT	3/25/14	6/29/17	2.71	1.00	25,000,000	24,920,625	24,933,277	24,962,000
Federal Agencies	3133ECV92	FFCB FLT NT 1ML+4	7/24/13	7/24/17	0.02	0.19	50,000,000	50,000,000	50,000,000	50,025,500
Federal Agencies	3134G3ZH6	FHLMC EX-CALL MTN	4/15/14	7/25/17	2.78	1.00	19,000,000	18,995,250	18,995,921	18,926,660
Federal Agencies	3133ECV66	FFCB FLT NT 3ML+0	8/5/13	7/26/17	0.18	0.24	23,520,000	23,520,000	23,520,000	23,530,114
Federal Agencies	3136G0B59	FNMA STEP NT	9/20/12	9/20/17	2.95	0.70	64,750,000	64,750,000	64,750,000	64,630,860
Federal Agencies	3134G5HS7	FHLMC CALL MTN	9/25/14	9/25/17	2.94	1.13	20,100,000	20,079,900	20,080,010	20,055,981
Federal Agencies	3136G0D81	FNMA STEP NT	9/27/12	9/27/17	2.97	0.72	100,000,000	100,000,000	100,000,000	99,960,000
Federal Agencies	3137EADL0	FHLMC GLOBAL NT	3/25/14	9/29/17	2.96	1.00	25,000,000	24,808,175	24,836,560	24,887,250
Federal Agencies	3136G0Q20	FNMA CALL STEP NT	3/13/14	10/17/17	3.01	0.75	49,090,000	49,081,182	49,081,691	49,025,201
Federal Agencies	3136G0Y39	FNMA STEP NT	1/18/12	11/8/17	3.07	0.70	50,000,000	50,000,000	50,000,000	49,607,500
Federal Agencies	3134G44F2	FHLMC CALL MTN	5/21/13	11/21/17	3.10	0.80	50,000,000	50,000,000	50,000,000	49,171,000
Federal Agencies	3136G13T4	FNMA STEP NT	12/26/12	12/26/17	3.20	0.75	39,000,000	39,000,000	39,000,000	38,795,640
Federal Agencies	3136G13Q0	FNMA STEP NT	12/26/12	12/26/17	3.20	0.75	29,000,000	29,000,000	29,000,000	28,887,190
Federal Agencies	3134G32M1	FHLMC CALL NT	12/28/12	12/28/17	3.19	1.00	50,000,000	50,000,000	50,000,000	49,278,500
Federal Agencies	3135G0UN1	FNMA GLOBAL NT CALL	2/26/14	2/28/18	3.36	1.15	19,000,000	18,877,450	18,895,627	18,686,120
Federal Agencies	3135G0UN1	FNMA GLOBAL NT CALL	4/24/13	4/24/18	3.47	1.50	8,770,000	8,713,434	8,721,824	8,625,120
Federal Agencies	3136G1KN8	FNMA NT CALL	4/30/13	4/30/18	3.53	0.75	12,600,000	12,600,000	12,600,000	12,485,592
Federal Agencies	3136G1K81	FNMA NT STEP	5/3/13	5/3/18	3.54	0.70	24,600,000	24,600,000	24,600,000	24,553,506
Federal Agencies	31315PZM4	FARMER MAC STEP NT	5/7/13	5/7/18	3.57	0.75	25,000,000	25,000,000	25,000,000	24,890,750
Federal Agencies	313382XK4	FHLB STEP NT	5/23/13	5/14/18	3.56	0.88	10,000,000	9,934,600	9,952,453	9,875,100
Federal Agencies	3135G0WJ8	FNMA NT	5/23/13	5/21/18	3.58	0.88	25,000,000	24,786,500	24,844,557	24,484,000
Federal Agencies	3133834P3	FHLB STEP NT	5/22/13	5/22/18	3.61	0.50	50,000,000	50,000,000	50,000,000	49,652,500
Federal Agencies	31315P4W6	FARMER MAC FLT CALL	6/6/14	6/6/18	0.07	0.36	25,000,000	25,000,000	25,000,000	25,056,250
Federal Agencies	3134G52D6	FHLMC CALL MTN	4/17/14	7/17/18	3.69	1.64	25,000,000	25,000,000	25,000,000	25,101,500
Federal Agencies	3134G4LZ9	FHLMC CALL STEP	12/10/13	12/10/18	4.12	0.88	50,000,000	50,000,000	50,000,000	50,305,500
Federal Agencies	3134G4MB1	FHLMC CALL MULTI-STEP	12/18/13	12/18/18	4.09	1.50	25,000,000	25,000,000	25,000,000	25,047,750
Federal Agencies	3130A1B98	FHLB STEP CALL NT	3/27/14	3/27/19	4.40	1.00	75,000,000	75,000,000	75,000,000	75,042,000
Federal Agencies	31315PQ69	FARMER MAC FLT CALL NT 3ML+15	4/3/14	4/3/19	0.01	0.38	50,000,000	50,000,000	50,000,000	50,055,500
Federal Agencies	31315P3W7	FARMER MAC FLT CALL	6/3/14	6/3/19	0.07	0.38	50,000,000	50,000,000	50,000,000	50,099,500
Federal Agencies	31315PS91	FARMER MAC FLT CALL NT 3ML+12	8/12/14	8/12/19	0.13	0.36	50,000,000	50,000,000	50,000,000	50,027,500
Federal Agencies	3130A2UF1	FHLB FLT CALL NT 3ML+20	8/27/14	8/27/19	0.09	0.44	25,000,000	25,000,000	25,000,000	25,110,250
Subtotals					1.55	0.92	\$ 3,834,229,000	\$ 3,845,914,204	\$ 3,840,074,359	\$ 3,844,980,118

Investment Inventory Pooled Fund

Type of Investment	CUSIP	Issue Name	Settle Date	Maturity Date	Duration	Coupon	Par Value	Book Value	Amortized Book Value	Market Value
State/Local Agencies	64966DPC7	NEW YORK CITY GO	6/7/12	11/1/14	0.09	4.75	\$ 8,000,000	\$ 8,774,720	\$ 8,027,385	\$ 8,029,920
State/Local Agencies	13063BN65	CALIFORNIA ST TAXABLE GO BD	3/27/13	2/1/15	0.34	0.85	10,000,000	10,038,000	10,006,914	10,011,100
State/Local Agencies	649791JS0	NEW YORK ST TAXABLE GO	3/21/13	3/1/15	0.42	0.39	4,620,000	4,619,076	4,619,803	4,621,155
State/Local Agencies	91412GPW9	UNIV OF CALIFORNIA REVENUE BC	3/14/13	5/15/15	0.62	0.39	5,000,000	5,000,000	5,000,000	5,001,000
State/Local Agencies	612574DQ3	MONTEREY COMM COLLEGE GO	5/7/13	8/1/15	0.84	0.63	315,000	315,000	315,000	315,721
State/Local Agencies	13063BHZ8	CALIFORNIA ST TAXABLE GO BD	8/19/14	11/1/15	1.06	3.95	5,000,000	5,274,550	5,253,461	5,180,750
State/Local Agencies	64966GXS6	NEW YORK CITY TAXABLE GO	4/1/13	12/1/15	1.13	5.13	12,255,000	13,700,477	12,887,211	12,894,343
State/Local Agencies	13063BN73	CALIFORNIA ST TAXABLE GO BD	3/27/13	2/1/16	1.33	1.05	11,000,000	11,037,180	11,017,429	11,052,250
State/Local Agencies	91412GUT0	UNIV OF CALIFORNIA REVENUE	4/10/14	5/15/16	1.62	0.63	2,500,000	2,500,000	2,500,000	2,494,975
State/Local Agencies	612574DR1	MONTEREY COMM COLLEGE GO	5/7/13	8/1/16	1.82	0.98	2,670,000	2,670,000	2,670,000	2,670,961
State/Local Agencies	91412GUU7	UNIV OF CALIFORNIA REVENUE BD	4/10/14	5/15/17	2.58	1.22	3,250,000	3,250,000	3,250,000	3,246,393
State/Local Agencies	13063CFC9	CALIFORNIA ST GO BD	11/5/13	11/1/17	3.00	1.75	16,500,000	16,558,905	16,545,563	16,544,220
Subtotals					1.35	2.27	\$ 81,110,000	\$ 83,737,908	\$ 82,092,767	\$ 82,062,788
Public Time Deposits		TRANS PACIFIC NATIONAL BANK P	2/7/14	2/7/15	0.35	0.46	\$ 240,000	\$ 240,000	\$ 240,000	\$ 240,000
Public Time Deposits		BANK OF SAN FRANCISCO PTD	4/9/14	4/9/15	0.52	0.45	240,000	240,000	240,000	240,000
Subtotals					0.44	0.46	\$ 480,000	\$ 480,000	\$ 480,000	\$ 480,000
Negotiable CDs	06417FB58	BANK OF NOVA SCOTIA YCD 3ML+1	7/17/13	1/20/15	0.21	0.41	\$ 50,000,000	\$ 50,000,000	\$ 50,000,000	\$ 50,044,020
Negotiable CDs	78009NGU4	ROYAL BANK OF CANADA NY YCD	5/19/14	6/25/15	0.01	0.33	5,500,000	5,497,250	5,498,174	5,490,618
Negotiable CDs	78009NSA5	ROYAL BANK OF CANADA NY YCD	9/16/14	3/10/16	0.03	0.32	25,000,000	25,000,000	25,000,000	24,990,750
Negotiable CDs	06417HHL3	BANK OF NOVA SCOTIA FLT 3ML+2	4/3/14	3/22/16	0.02	0.46	10,000,000	10,000,290	10,000,217	10,001,400
Negotiable CDs	96121TWK0	WESTPAC FLT YCD 1ML+22	4/24/14	4/25/16	0.02	0.37	50,000,000	50,000,000	50,000,000	50,007,500
Negotiable CDs	96121TWJ3	WESTPAC FLT YCD 3ML+15	4/24/14	4/25/16	0.18	0.38	25,000,000	25,000,000	25,000,000	25,076,750
Negotiable CDs	06417HKT2	BANK OF NOVA SCOTIA YCD 3ML+1	5/9/14	5/9/16	0.14	0.42	50,000,000	49,979,050	49,983,206	49,983,300
Negotiable CDs	06417HUW4	BANK OF NOVA SCOTIA FLT 3ML+21	9/25/14	9/23/16	0.01	0.43	50,000,000	50,000,000	50,000,000	49,975,000
Negotiable CDs	06417HUR5	BANK OF NOVA SCOTIA YCD 3ML+2	9/25/14	9/25/17	0.01	0.50	50,000,000	50,000,000	50,000,000	50,063,500
Subtotals					0.08	0.42	\$ 315,500,000	\$ 315,476,590	\$ 315,481,596	\$ 315,632,838

Investment Inventory

Pooled Fund

Type of Investment	CUSIP	Issue Name	Settle Date	Maturity Date	Duration	Coupon	Par Value	Book Value	Amortized Book Value	Market Value
Medium Term Notes	78008TXA7	RBC MTN	11/11/13	10/30/14	0.08	1.45	\$ 10,000,000	\$ 10,117,152	\$ 10,009,359	\$ 10,010,900
Medium Term Notes	459200GZ8	IBM MTN	11/5/13	10/31/14	0.09	0.88	31,814,000	32,008,702	31,830,225	31,831,180
Medium Term Notes	459200GZ8	IBM MTN	9/19/14	10/31/14	0.09	0.88	13,500,000	13,556,409	13,553,324	13,507,290
Medium Term Notes	36962G4G6	GE CAPITAL CORP MTN	8/7/13	11/14/14	0.12	3.75	2,920,000	3,039,340	2,931,317	2,932,176
Medium Term Notes	07385TAJ5	JP MORGAN CHASE MTN	12/18/13	11/15/14	0.13	5.70	11,500,000	12,039,350	11,573,105	11,523,690
Medium Term Notes	07385TAJ5	JP MORGAN CHASE MTN	12/19/13	11/15/14	0.13	5.70	25,654,000	26,853,068	25,817,015	25,706,847
Medium Term Notes	89233P7B6	TOYOTA MTN 3ML+17	7/12/13	12/5/14	0.07	0.40	10,000,000	10,004,700	10,000,452	10,004,400
Medium Term Notes	36962G5M2	GE CAPITAL CORP MTN	8/7/13	1/9/15	0.28	2.15	87,824,000	89,617,366	88,152,455	88,266,633
Medium Term Notes	36962G5M2	GE CAPITAL CORP MTN	12/16/13	1/9/15	0.28	2.15	4,820,000	4,926,667	4,840,513	4,844,293
Medium Term Notes	36962G6T6	GE FLT NT 3ML+38	1/10/13	1/9/15	0.02	0.61	27,743,000	28,291,202	27,883,926	27,882,825
Medium Term Notes	46625HHP8	JP MORGAN CHASE MTN	2/18/14	1/20/15	0.31	3.70	16,935,000	17,431,196	17,098,922	17,102,148
Medium Term Notes	46625HHP8	JP MORGAN CHASE MTN	3/17/14	1/20/15	0.31	3.70	22,580,000	23,190,112	22,799,166	22,802,865
Medium Term Notes	78008SVS2	RBC MTN FIX-TO-FLT	1/22/13	1/22/15	0.19	0.33	100,000,000	100,000,000	100,000,000	99,900,000
Medium Term Notes	89233P7H3	TOYOTA MTN 3ML+17	1/23/13	1/23/15	0.19	0.40	35,000,000	35,000,000	35,000,000	35,021,700
Medium Term Notes	89233P7L4	TOYOTA MTN FIX-TO-FLOAT	2/4/13	2/4/15	0.16	0.34	25,000,000	25,000,000	25,000,000	24,998,000
Medium Term Notes	717081DA8	PFIZER MTN	1/29/13	3/15/15	0.45	5.35	3,000,000	3,185,850	3,066,519	3,066,240
Medium Term Notes	89236TAG0	TOYOTA MOTOR CREDIT CORP 3M	9/22/14	5/4/15	0.02	0.38	50,000,000	50,000,000	50,000,000	50,039,000
Medium Term Notes	64952WAW3	NEW YORK LIFE MTN	4/12/13	4/8/15	0.59	3.00	5,000,000	5,141,750	5,138,365	5,079,650
Medium Term Notes	459200HD6	IBM MTN	12/19/13	5/1/15	0.61	0.75	5,425,000	5,460,859	5,440,671	5,440,895
Medium Term Notes	36962G5Z3	GE CAPITAL CORP MTN	8/19/13	7/2/15	0.75	1.63	5,000,000	5,075,250	5,030,232	5,047,550
Medium Term Notes	36962G4M3	GE CAPITAL CORP FLT MTN 3ML+7:	11/25/13	7/9/15	0.02	0.98	8,565,000	8,624,955	8,593,507	8,591,295
Medium Term Notes	89233P6J0	TOYOTA MTN	11/15/13	7/17/15	0.80	0.88	10,000,000	10,072,000	10,034,167	10,043,500
Medium Term Notes	89233P6J0	TOYOTA MTN	3/4/14	7/17/15	0.80	0.88	6,100,000	6,147,885	6,127,678	6,126,535
Medium Term Notes	594918AG9	MICROSOFT MTN	10/30/13	9/25/15	0.98	1.63	3,186,000	3,260,266	3,224,362	3,228,438
Medium Term Notes	961214BW2	WESTPAC NT	9/15/14	9/25/15	0.98	1.13	10,152,000	10,232,201	10,228,779	10,221,440
Medium Term Notes	369604BE2	GENERAL ELECTRIC MTN	3/5/14	10/9/15	1.02	0.85	10,000,000	10,069,000	10,044,146	10,043,300
Medium Term Notes	369604BE2	GENERAL ELECTRIC MTN	5/7/14	10/9/15	1.02	0.85	8,000,000	8,048,969	8,036,621	8,034,640
Medium Term Notes	369604BE2	GENERAL ELECTRIC MTN	5/19/14	10/9/15	1.02	0.85	9,300,000	9,367,094	9,351,598	9,340,269
Medium Term Notes	06366RJH9	BANK OF MONTREAL MTN	3/27/14	11/6/15	1.09	0.80	8,500,000	8,532,470	8,522,106	8,523,460
Medium Term Notes	36962G4T8	GE CAPITAL CORP MTN	5/12/14	11/9/15	1.09	2.25	7,000,000	7,185,203	7,137,378	7,123,200
Medium Term Notes	742718DS5	PROCTER & GAMBLE MTN	3/7/14	11/15/15	1.11	1.80	23,025,000	23,588,652	23,398,944	23,371,526
Medium Term Notes	742718DS5	PROCTER & GAMBLE MTN	3/12/14	11/15/15	1.11	1.80	10,000,000	10,231,900	10,155,104	10,150,500
Medium Term Notes	459200GU9	IBM CORP NT	2/11/14	1/5/16	1.25	2.00	19,579,000	20,139,743	19,952,019	19,920,654
Medium Term Notes	064255AK8	BTMUFJ FLT MTN 3ML+45	3/17/14	2/26/16	0.10	0.68	10,000,000	10,035,800	10,025,830	10,020,100
Medium Term Notes	36962G2V5	GE FLT MTN 3ML+20	5/19/14	5/11/16	0.14	0.43	17,689,000	17,703,328	17,700,653	17,711,111
Medium Term Notes	89236TB8	TOYOTA MOTOR CREDIT CORP 3M	9/23/14	9/23/16	0.02	0.33	50,000,000	50,000,000	50,000,000	49,930,500
Medium Term Notes	89236TB6	TOYOTA MOTOR CREDIT CORP FF	9/25/14	9/23/16	0.01	0.34	47,500,000	47,500,000	47,500,000	47,463,900
Subtotals					0.30	1.35	\$ 777,311,000	\$ 785,678,437	\$ 780,198,457	\$ 779,878,399
Money Market Funds	09248U718	BLACKROCK T-FUND INSTL	9/30/14	10/1/14	0.00	0.01	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000
Money Market Funds	316175108	FIDELITY INSTL GOVT PORT	9/30/14	10/1/14	0.00	0.01	10,003,616	10,003,616	10,003,616	10,003,616
Money Market Funds	61747C707	MS INSTL GOVT FUND	9/30/14	10/1/14	0.00	0.04	25,086,004	25,086,004	25,086,004	25,086,004
Subtotals					0.00	0.03	\$ 45,089,620	\$ 45,089,620	\$ 45,089,620	\$ 45,089,620
Grand Totals					1.33	0.99	\$ 5,688,719,620	\$ 5,711,330,079	\$ 5,697,924,752	\$ 5,705,552,512

Monthly Investment Earnings

Pooled Fund

For month ended September 30, 2014

Type of Investment	CUSIP	Issue Name	Par Value	Coupon	YTM ¹	Settle Date	Maturity Date	Earned Interest	Amort. Expense	Realized Gain/(Loss)	Earned Income /Net Earnings
U.S. Treasuries	912828MW7	US TSY NT	\$ 50,000,000	2.50	0.48	2/24/12	3/31/15	\$ 102,478	\$ (82,373)	\$ -	\$ 20,105
U.S. Treasuries	912828PE4	US TSY NT	25,000,000	1.25	0.61	12/23/11	10/31/15	25,476	(12,984)	-	12,492
U.S. Treasuries	912828PJ3	US TSY NT	50,000,000	1.38	1.58	12/16/10	11/30/15	56,352	7,964	-	64,316
U.S. Treasuries	912828PJ3	US TSY NT	50,000,000	1.38	1.58	12/16/10	11/30/15	56,352	7,964	-	64,316
U.S. Treasuries	912828PJ3	US TSY NT	50,000,000	1.38	2.00	12/23/10	11/30/15	56,352	24,308	-	80,661
U.S. Treasuries	912828RJ1	US TSY NT	75,000,000	1.00	1.05	10/11/11	9/30/16	61,487	2,807	-	64,294
U.S. Treasuries	912828RM4	US TSY NT	25,000,000	1.00	0.74	12/26/13	10/31/16	20,380	(5,296)	-	15,084
U.S. Treasuries	912828RX0	US TSY NT	25,000,000	0.88	0.67	2/25/14	12/31/16	17,833	(4,197)	-	13,636
U.S. Treasuries	912828SJ0	US TSY NT	75,000,000	0.88	0.94	3/14/12	2/28/17	54,385	3,783	-	58,169
U.S. Treasuries	912828SJ0	US TSY NT	25,000,000	0.88	1.21	3/21/12	2/28/17	18,128	6,655	-	24,783
U.S. Treasuries	912828SJ0	US TSY NT	25,000,000	0.88	1.21	3/21/12	2/28/17	18,128	6,655	-	24,783
U.S. Treasuries	912828SM3	US TSY NT	50,000,000	1.00	1.07	4/4/12	3/31/17	40,991	2,701	-	43,692
U.S. Treasuries	912828TM2	US TSY NT	60,000,000	0.63	0.69	9/17/12	8/31/17	31,077	3,187	-	34,265
U.S. Treasuries	912828UE8	US TSY NT	50,000,000	0.75	0.80	1/4/13	12/31/17	30,571	1,865	-	32,436
Subtotals			\$ 635,000,000					\$ 589,992	\$ (36,961)	\$ -	\$ 553,031
Federal Agencies	31398A3G5	FNMA EX-CALL NT	\$ -	1.50	0.51	4/4/12	9/8/14	\$ 3,850	\$ (2,488)	\$ -	\$ 1,362
Federal Agencies	31315PRZ4	FARMER MAC MTN	18,000,000	0.24	0.26	4/9/13	10/1/14	3,638	200	-	3,838
Federal Agencies	31331J4S9	FFCB	24,000,000	1.40	1.41	12/16/10	12/8/14	28,000	248	-	28,248
Federal Agencies	31331J4S9	FFCB	19,000,000	1.40	1.46	12/8/10	12/8/14	22,167	890	-	23,056
Federal Agencies	313371W51	FHLB	-	1.25	1.46	12/8/10	12/12/14	46,875	(566,599)	816,000	296,276
Federal Agencies	3133XVNU1	FHLB	25,400,000	2.75	1.30	11/23/10	12/12/14	58,208	(29,358)	-	28,851
Federal Agencies	3133XVNU1	FHLB	2,915,000	2.75	1.31	11/23/10	12/12/14	6,680	(3,338)	-	3,342
Federal Agencies	3133XVNU1	FHLB	50,000,000	2.75	1.37	12/8/10	12/12/14	114,583	(54,758)	-	59,826
Federal Agencies	313371W93	FHLB	75,000,000	1.34	1.34	12/15/10	12/15/14	83,750	-	-	83,750
Federal Agencies	31331J6Q1	FFCB	27,175,000	1.72	1.74	12/29/10	12/29/14	38,951	368	-	39,319
Federal Agencies	31350HG1	FNMA GLOBAL	65,000,000	1.72	1.72	12/29/10	12/29/14	93,167	214	-	93,380
Federal Agencies	3135G0HG1	FNMA GLOBAL	9,399,000	0.38	0.20	1/13/14	3/16/15	2,937	(1,341)	-	1,596
Federal Agencies	3135EAPJ4	FFCB FLT NT 1ML+1.5	50,000,000	0.17	0.19	4/30/12	4/27/15	7,064	203	-	7,267
Federal Agencies	31315PWJ4	FARMER MAC FLT NT FF+26	50,000,000	0.35	0.35	5/3/12	5/1/15	14,542	-	-	14,542
Federal Agencies	3133EAOQ5	FFCB FLT NT 1ML+1	50,000,000	0.16	0.21	6/8/12	5/14/15	6,860	407	-	7,267
Federal Agencies	3133EDC67	FFCB NT	50,000,000	0.25	0.26	12/19/13	6/18/15	10,417	412	-	10,829
Federal Agencies	3133EAVE5	FFCB FLT NT 1ML+2	50,000,000	0.17	0.21	12/5/12	6/22/15	7,273	410	-	7,683
Federal Agencies	31315PDZ9	FAMCA	15,000,000	2.38	0.32	11/22/13	7/22/15	29,688	(25,273)	-	4,415
Federal Agencies	3133ECVW1	FFCB FLT NT T-BILL+14	62,500,000	0.16	0.18	8/5/13	8/5/15	8,116	514	-	8,630
Federal Agencies	313383V81	FHLB	9,000,000	0.38	0.28	12/12/13	8/28/15	2,813	(679)	-	2,133
Federal Agencies	3137EACM9	FILMC BONDS	50,000,000	1.75	2.17	12/15/10	9/10/15	72,917	16,474	-	89,391
Federal Agencies	313370JB5	FHLB	75,000,000	1.75	2.31	12/15/10	9/11/15	109,375	24,489	-	133,864
Federal Agencies	31315PGT0	FARMER MAC	45,000,000	2.13	2.17	9/15/10	9/15/15	79,688	1,397	-	81,085
Federal Agencies	3133ECZG2	FFCB NT	52,047,000	0.55	0.32	12/10/13	9/16/15	23,855	(9,732)	-	14,123
Federal Agencies	3133ECJB1	FFCB FLT NT QTR T-BILL+16	16,200,000	0.17	0.19	4/24/13	9/18/15	2,386	66	-	2,452
Federal Agencies	31398A3T7	FNMA EX-CALL NT	25,000,000	2.00	1.08	10/14/11	9/21/15	41,667	(18,380)	-	23,287
Federal Agencies	3133EAFJ6	FFCB FLT NT 1ML+2.5	27,953,000	0.18	0.22	11/30/12	9/22/15	4,182	347	-	4,530
Federal Agencies	31398A4M1	FNMA	25,000,000	1.63	2.22	12/15/10	10/26/15	33,854	11,529	-	45,383
Federal Agencies	31398A4M1	FNMA	42,000,000	1.63	2.19	12/23/10	10/26/15	56,875	18,251	-	75,126

Monthly Investment Earnings

Pooled Fund

Type of Investment	CUSIP	Issue Name	Par Value	Coupon	YTM ¹	Settle Date	Maturity Date	Earned Interest	Amort. Expense	Realized Gain/(Loss)	Earned Income /Net Earnings
Federal Agencies	31331J2S1	FFCB	25,000,000	1.50	2.20	12/15/10	11/16/15	31,250	13,573	-	44,823
Federal Agencies	3133ECLZ5	FFCB FLT NT MONTHLY 1ML+0	25,000,000	0.15	0.16	5/8/13	11/19/15	3,219	97	-	3,316
Federal Agencies	313371ZY5	FHLB	25,000,000	1.88	1.89	12/3/10	12/11/15	39,063	294	-	39,357
Federal Agencies	313371ZY5	FHLB	50,000,000	1.88	1.93	12/14/10	12/11/15	78,125	2,115	-	80,240
Federal Agencies	3133ED5A6	FFCB FLT	50,000,000	0.15	0.15	12/12/13	1/20/16	6,449	-	-	6,449
Federal Agencies	31315P3B3	FARMER MAC MTN	30,000,000	0.42	0.42	1/27/14	1/25/16	10,500	-	-	10,500
Federal Agencies	3133XXP43	FHLB	14,000,000	3.13	0.41	12/12/13	3/11/16	36,458	(31,039)	-	5,419
Federal Agencies	313375RN9	FHLB NT	22,200,000	1.00	0.82	4/13/12	3/11/16	18,500	(3,311)	-	15,189
Federal Agencies	3133EAJU3	FFCB NT	25,000,000	1.05	0.82	4/12/12	3/28/16	21,875	(4,580)	-	17,295
Federal Agencies	3135G0VA8	FNMA GLOBAL NT	25,000,000	0.50	0.46	12/13/13	3/30/16	10,417	(797)	-	9,620
Federal Agencies	31315PTF6	FAMCA FLT MTN 1ML+0	50,000,000	0.15	0.15	4/1/13	4/1/16	6,438	-	-	6,438
Federal Agencies	3133792Z1	FHLB NT	20,000,000	0.81	0.82	4/18/12	4/18/16	13,500	160	-	13,660
Federal Agencies	3133ECWT7	FFCB NT	22,650,000	0.65	0.48	11/20/13	5/9/16	12,269	(3,213)	-	9,056
Federal Agencies	3135G0RZ8	FNMA CALL NT	22,540,000	0.55	0.55	11/30/12	5/26/16	10,331	-	-	10,331
Federal Agencies	3133EDB35	FFCB FLT NT 1ML+3	50,000,000	0.19	0.20	1/15/14	6/2/16	7,790	287	-	8,077
Federal Agencies	31315PB73	FAMCA NT	10,000,000	0.90	0.90	2/9/12	6/9/16	7,500	-	-	7,500
Federal Agencies	313771AA5	FHLB SUB NT	16,925,000	5.63	0.65	5/20/13	6/13/16	79,336	(68,247)	-	11,089
Federal Agencies	313771AA5	FHLB SUB NT	14,195,000	5.63	0.77	5/30/13	6/13/16	66,539	(55,786)	-	10,753
Federal Agencies	313771AA5	FHLB SUB NT	8,620,000	5.63	0.62	9/4/14	6/13/16	36,366	(31,696)	-	4,669
Federal Agencies	3133EDDP4	FFCB NT	50,000,000	0.52	0.46	2/11/14	6/24/16	21,667	(2,170)	-	19,496
Federal Agencies	3130A1BK3	FHLB EX-CALL NT	25,000,000	0.50	0.50	3/24/14	6/24/16	10,417	-	-	10,417
Federal Agencies	3135G0XP3	FNMA GLOBAL NT	50,000,000	0.38	0.59	3/25/14	7/5/16	15,625	8,892	-	24,517
Federal Agencies	31315PA25	FAMCA MTN	15,000,000	2.00	2.09	7/27/11	7/27/16	25,000	1,071	-	26,071
Federal Agencies	31315PA25	FAMCA MTN	14,100,000	2.00	0.63	3/26/13	7/27/16	23,500	(15,633)	-	7,867
Federal Agencies	31315PA25	FAMCA MTN	11,900,000	2.00	0.62	3/26/13	7/27/16	19,833	(13,302)	-	6,531
Federal Agencies	31315PA25	FAMCA MTN	20,000,000	2.00	0.61	3/26/14	7/27/16	33,333	(22,600)	-	10,733
Federal Agencies	3135G0YE7	FNMA GLOBAL NT	50,000,000	0.63	0.52	3/17/14	8/26/16	26,042	(4,191)	-	21,850
Federal Agencies	31315PQB8	FAMCA NT	7,000,000	1.50	0.70	10/29/13	9/1/16	8,750	(4,516)	-	4,234
Federal Agencies	313370TW8	FHLB BD	25,000,000	2.00	1.39	10/11/11	9/9/16	41,667	(12,157)	-	29,510
Federal Agencies	3133EDH21	FFCB FLT NT 1ML+2	50,000,000	0.17	0.18	3/14/14	9/14/16	7,277	209	-	7,486
Federal Agencies	3134G4XW3	FHLMC EX-CALL MTN	25,000,000	0.60	0.60	3/26/14	9/26/16	12,500	-	-	12,500
Federal Agencies	3134G3P38	FHLMC NT CALL	75,000,000	0.75	0.72	12/14/12	10/5/16	46,875	(2,842)	-	44,033
Federal Agencies	3133EDJA1	FFCB FLT NT 1ML+2	25,000,000	0.17	0.19	4/11/14	10/11/16	3,639	205	-	3,844
Federal Agencies	3133EDUV2	FFCB NT	30,700,000	0.65	0.70	9/11/14	10/11/16	11,086	833	-	11,919
Federal Agencies	3137EADS5	FHLMC GLOBAL NT	25,000,000	0.88	0.57	3/3/14	10/14/16	18,229	(6,284)	-	11,945
Federal Agencies	3134G4HK7	FHLMC CALL STEP NT	25,000,000	1.50	0.50	10/24/13	10/24/16	10,417	-	-	10,417
Federal Agencies	3136G1WP0	FNMA CALL NT	18,000,000	1.50	0.84	11/4/13	11/4/16	22,500	(14,402)	-	8,098
Federal Agencies	313381GA7	FHLB NT	23,100,000	0.57	0.57	11/30/12	11/30/16	10,973	(90)	-	10,882
Federal Agencies	3130A12F4	FHLB CALL NT	20,500,000	0.70	0.70	3/19/14	12/19/16	11,958	61	-	12,019
Federal Agencies	313381KR5	FHLB NT CALL	13,500,000	0.63	0.63	12/28/12	12/28/16	7,031	-	-	7,031
Federal Agencies	313381KR5	FHLB NT CALL	9,000,000	0.63	0.63	12/28/12	12/28/16	4,688	-	-	4,688
Federal Agencies	3134G33C2	FHLMC NT	50,000,000	0.60	0.60	1/3/13	1/3/17	25,000	-	-	25,000
Federal Agencies	3133ECB37	FFCB NT	14,000,000	0.58	0.58	12/20/12	1/12/17	6,767	-	-	6,767
Federal Agencies	31315PWJ5	FARMER MAC MTN	49,500,000	1.01	1.02	5/4/12	1/17/17	41,663	432	-	42,094
Federal Agencies	3133786Q9	FHLB NT	67,780,000	1.00	0.72	1/10/13	2/13/17	56,483	(15,380)	-	41,103
Federal Agencies	3133EDFW7	FFCB FLT NT 1ML+5.5	50,000,000	0.21	0.21	2/27/14	2/27/17	8,731	-	-	8,731

Monthly Investment Earnings

Pooled Fund

Type of Investment	CUSIP	Issue Name	Par Value	Coupon	YTM ¹	Settle Date	Maturity Date	Earned Interest	Amort. Expense	Realized Gain/(Loss)	Earned Income /Net Earnings
Federal Agencies	3134G4XM5	FHLMC CALL MTN	25,000,000	0.78	0.78	3/28/14	3/28/17	16,250	-	-	16,250
Federal Agencies	3136G1ZB8	FNMA CALL NT	25,000,000	0.88	0.88	3/28/14	3/28/17	18,229	-	-	18,229
Federal Agencies	31315PTQ2	FARMER MAC MTN	12,500,000	1.26	1.36	4/10/12	4/10/17	13,125	998	-	14,123
Federal Agencies	3133ECLL6	FFCB NT	10,000,000	0.60	0.60	4/17/13	4/17/17	5,000	-	-	5,000
Federal Agencies	31315PUQ0	FARMER MAC MTN	10,500,000	1.13	1.13	4/26/12	4/26/17	9,844	-	-	9,844
Federal Agencies	31315PV89	FARMER MAC FLT CALL NT 3ML+10	50,000,000	0.34	0.34	5/1/14	5/1/17	14,150	-	-	14,150
Federal Agencies	3137EADF3	FHLMC NT	25,000,000	1.25	1.14	5/14/12	5/12/17	26,042	(2,188)	-	23,854
Federal Agencies	3136FTR27	FNMA CALL NT	17,000,000	1.02	1.03	9/4/14	5/27/17	13,056	115	-	13,171
Federal Agencies	31315PZQ5	FARMER MAC MTN	9,000,000	1.11	0.80	12/28/12	6/5/17	8,325	(2,262)	-	6,063
Federal Agencies	3130A1ZR2	FHLB STEP NT	50,000,000	0.50	0.50	6/12/14	6/12/17	20,833	-	-	20,833
Federal Agencies	3133EAUW6	FFCB FLT NT FF+22	50,000,000	0.31	0.31	6/19/12	6/19/17	12,874	-	-	12,874
Federal Agencies	3137EADH9	FHLMC GLOBAL NT	25,000,000	1.00	1.10	3/25/14	6/29/17	20,833	1,998	-	22,831
Federal Agencies	3133ECV92	FFCB FLT NT 1ML+4	50,000,000	0.19	0.19	7/24/13	7/24/17	8,120	-	-	8,120
Federal Agencies	3134G3ZH6	FHLMC EX-CALL MTN	19,000,000	1.00	1.01	4/15/14	7/25/17	15,833	119	-	15,952
Federal Agencies	3133ECVG6	FFCB FLT NT 3ML+0	23,520,000	0.24	0.24	8/5/13	7/26/17	4,608	-	-	4,608
Federal Agencies	3136G0B59	FNMA STEP NT	64,750,000	0.70	0.70	9/20/12	9/20/17	37,771	-	-	37,771
Federal Agencies	3134G5HS7	FHLMC CALL MTN	20,100,000	1.13	1.16	9/25/14	9/25/17	3,769	110	-	3,879
Federal Agencies	3136G0D81	FNMA STEP NT	100,000,000	0.72	0.72	9/27/12	9/27/17	60,000	-	-	60,000
Federal Agencies	3137EADL0	FHLMC GLOBAL NT	25,000,000	1.00	1.22	3/25/14	9/29/17	20,833	4,482	-	25,315
Federal Agencies	3136G0Q20	FNMA CALL STEP NT	49,090,000	0.75	0.76	3/13/14	10/17/17	30,681	224	-	30,905
Federal Agencies	3136G0Y39	FNMA STEP NT	50,000,000	0.70	0.70	11/8/12	11/8/17	29,167	-	-	29,167
Federal Agencies	3134G44F2	FHLMC CALL MTN	50,000,000	0.80	0.80	5/21/13	11/21/17	33,333	-	-	33,333
Federal Agencies	3136G13T4	FNMA STEP NT	39,000,000	0.75	0.75	12/26/12	12/26/17	24,375	-	-	24,375
Federal Agencies	3136G13Q0	FNMA STEP NT	29,000,000	0.75	0.75	12/26/12	12/26/17	18,125	-	-	18,125
Federal Agencies	3134G32M1	FHLMC CALL NT	50,000,000	1.00	1.00	12/28/12	12/28/17	41,667	-	-	41,667
Federal Agencies	3135G0UN1	FNMA GLOBAL NT CALL	19,000,000	1.15	1.32	2/26/14	2/28/18	18,208	2,513	-	20,721
Federal Agencies	3135G0UN1	FNMA GLOBAL NT CALL	8,770,000	1.15	1.32	2/26/14	2/28/18	8,405	1,160	-	9,565
Federal Agencies	3136G1KN8	FNMA NT CALL	50,000,000	1.50	1.13	4/24/13	4/24/18	62,500	(37,110)	-	25,390
Federal Agencies	3136G1K81	FNMA NT STEP	12,600,000	0.75	0.75	4/30/13	4/30/18	7,875	-	-	7,875
Federal Agencies	31315PZM4	FARMER MAC STEP NT	24,600,000	0.70	0.70	5/3/13	5/3/18	14,350	-	-	14,350
Federal Agencies	313382XK4	FHLB STEP NT	25,000,000	0.75	0.75	5/7/13	5/7/18	15,625	-	-	15,625
Federal Agencies	3133ECPB4	FFCB NT	10,000,000	0.88	1.01	5/23/13	5/14/18	7,292	1,080	-	8,371
Federal Agencies	3135G0WJ8	FNMA NT	25,000,000	0.88	1.05	5/23/13	5/21/18	18,229	3,512	-	21,741
Federal Agencies	3133834P3	FHLB STEP NT	50,000,000	0.50	0.50	5/22/13	5/22/18	20,833	-	-	20,833
Federal Agencies	31315P4W6	FARMER MAC FLT CALL	25,000,000	0.36	0.36	6/6/14	6/6/18	7,552	-	-	7,552
Federal Agencies	3134G52D6	FHLMC CALL MTN	25,000,000	1.64	1.64	4/17/14	7/17/18	34,167	-	-	34,167
Federal Agencies	3134G4LZ9	FHLMC CALL STEP	50,000,000	0.88	0.88	12/10/13	12/10/18	36,458	-	-	36,458
Federal Agencies	3134G4MB1	FHLMC CALL MULTI-STEP	25,000,000	1.50	1.50	12/18/13	12/18/18	31,250	-	-	31,250
Federal Agencies	3130A1B98	FHLB STEP CALL NT	75,000,000	1.00	1.00	3/27/14	3/27/19	62,500	-	-	62,500
Federal Agencies	31315PQ69	FARMER MAC FLT CALL NT 3ML+15	50,000,000	0.38	0.38	4/3/14	4/3/19	15,908	-	-	15,908
Federal Agencies	31315P3W7	FARMER MAC FLT CALL	50,000,000	0.38	0.38	6/3/14	6/3/19	15,966	-	-	15,966
Federal Agencies	31315PS91	FARMER MAC FLT CALL NT 3ML+12	50,000,000	0.36	0.36	8/12/14	8/12/19	14,796	-	-	14,796
Federal Agencies	3130A2UF1	FHLB FLT CALL NT 3ML+20	25,000,000	0.44	0.44	8/27/14	8/27/19	9,125	-	-	9,125
Subtotals			\$ 3,834,229,000					\$ 2,949,830	\$ (944,781)	\$ 816,000	\$ 2,821,049

Monthly Investment Earnings Pooled Fund

Type of Investment	CUSIP	Issue Name	Par Value	Coupon	YTM ¹	Settle Date	Maturity Date	Earned Interest	Amort. Expense	Realized Gain/(Loss)	Earned Income /Net Earnings
State/Local Agencies	64966DPC7	NEW YORK CITY GO	\$ 8,000,000	4.75	0.68	6/7/12	11/1/14	\$ 31,667	\$ (26,501)	\$ -	\$ 5,165
State/Local Agencies	13063BN65	CALIFORNIA ST TAXABLE GO BD	10,000,000	0.85	0.64	3/27/13	2/1/15	7,083	(1,686)	-	5,397
State/Local Agencies	649791JS0	NEW YORK ST TAXABLE GO	4,620,000	0.39	0.40	3/21/13	3/1/15	1,502	39	-	1,541
State/Local Agencies	91412GPW9	UNIV OF CALIFORNIA REVENUE BC	5,000,000	0.39	0.39	3/14/13	5/15/15	1,633	-	-	1,633
State/Local Agencies	612574DQ3	MONTEREY COMM COLLEGE GO	315,000	0.63	0.63	5/7/13	8/1/15	165	-	-	165
State/Local Agencies	13063BHZ8	CALIFORNIA ST TAXABLE GO BD	5,000,000	3.95	0.35	8/19/14	11/1/15	16,458	(14,713)	-	1,745
State/Local Agencies	64966GXS6	NEW YORK CITY TAXABLE GO	12,255,000	5.13	0.66	4/1/13	12/1/15	52,390	(44,522)	-	7,868
State/Local Agencies	13063BN73	CALIFORNIA ST TAXABLE GO BD	11,000,000	1.05	0.91	3/27/13	2/1/16	9,625	(1,071)	-	8,554
State/Local Agencies	91412GUT0	UNIV OF CALIFORNIA REVENUE	2,500,000	0.63	0.63	4/10/14	5/15/16	1,321	-	-	1,321
State/Local Agencies	612574DR1	MONTEREY COMM COLLEGE GO	2,670,000	0.98	0.98	5/7/13	8/1/16	2,185	-	-	2,185
State/Local Agencies	91412GUU7	UNIV OF CALIFORNIA REVENUE BD	3,250,000	1.22	1.22	4/10/14	5/15/17	3,310	-	-	3,310
State/Local Agencies	13063CFC9	CALIFORNIA ST GO BD	16,500,000	1.75	1.66	11/5/13	11/1/17	24,063	(1,213)	-	22,850
Subtotals			\$ 81,110,000					\$ 151,402	\$ (89,668)	\$ -	\$ 61,734
Public Time Deposits		TRANS PACIFIC NATIONAL BANK P	\$ 240,000	0.46	0.46	2/7/14	2/7/15	\$ 92	\$ -	\$ -	\$ 92
Public Time Deposits		BANK OF SAN FRANCISCO PTD	240,000	0.45	0.45	4/9/14	4/9/15	90	-	-	90
Subtotals			\$ 480,000					\$ 182	\$ -	\$ -	\$ 182
Negotiable CDs	06417FB58	BANK OF NOVA SCOTIA YCD 3ML+1	\$ 50,000,000	0.41	0.41	7/17/13	1/20/15	\$ 17,213	\$ -	\$ -	\$ 17,213
Negotiable CDs	78009NGU4	ROYAL BANK OF CANADA NY YCD	5,500,000	0.33	0.40	5/19/14	6/25/15	1,526	205	-	1,731
Negotiable CDs	78009NSA5	ROYAL BANK OF CANADA NY YCD	25,000,000	0.32	0.32	9/16/14	3/10/16	3,319	-	-	3,319
Negotiable CDs	06417HHL3	BANK OF NOVA SCOTIA FLT 3ML+2:	10,000,000	0.46	0.46	4/3/14	3/22/16	3,839	(12)	-	3,827
Negotiable CDs	96121TWK0	WESTPAC FLT YCD 1ML+22	50,000,000	0.37	0.37	4/24/14	4/25/16	15,620	-	-	15,620
Negotiable CDs	96121TWJ3	WESTPAC FLT YCD 3ML+15	25,000,000	0.38	0.38	4/24/14	4/25/16	8,002	-	-	8,002
Negotiable CDs	06417HKT2	BANK OF NOVA SCOTIA YCD 3ML+1	50,000,000	0.42	0.45	5/9/14	5/9/16	17,629	860	-	18,489
Negotiable CDs	06417HUW4	BANK OF NOVA SCOTIA FLT 3ML+2:	50,000,000	0.43	0.43	9/25/14	9/23/16	3,618	-	-	3,618
Negotiable CDs	06417HUR5	BANK OF NOVA SCOTIA YCD 3ML+2	50,000,000	0.50	0.50	9/25/14	9/25/17	4,201	-	-	4,201
Subtotals			\$ 315,500,000					\$ 74,965	\$ 1,053	\$ -	\$ 76,018

Monthly Investment Earnings

Pooled Fund

Type of Investment	CUSIP	Issue Name	Par Value	Coupon	YTM ¹	Settle Date	Maturity Date	Earned Interest	Amort. Expense	Realized Gain/(Loss)	Earned Income /Net Earnings
Medium Term Notes	78008TXA7	RBC MTN	\$ 10,000,000	1.45	0.27	11/11/13	10/30/14	\$ 12,083	\$ (9,682)	\$ -	\$ 2,401
Medium Term Notes	459200GZ8	IBM MTN	31,814,000	0.88	0.25	11/5/13	10/31/14	23,198	(16,225)	-	6,973
Medium Term Notes	459200GZ8	IBM MTN	13,500,000	0.88	0.17	9/19/14	10/31/14	3,938	(3,086)	-	852
Medium Term Notes	36962G4G6	GE CAPITAL CORP MTN	2,920,000	3.75	0.52	8/7/13	11/14/14	9,125	(7,716)	-	1,409
Medium Term Notes	07385TAJ5	JP MORGAN CHASE MTN	11,500,000	5.70	0.52	12/18/13	11/15/14	54,625	(48,736)	-	5,889
Medium Term Notes	07385TAJ5	JP MORGAN CHASE MTN	25,654,000	5.70	0.52	12/19/13	11/15/14	121,857	(108,677)	-	13,180
Medium Term Notes	89233P7B6	TOYOTA MTN 3ML+17	10,000,000	0.40	0.22	1/28/13	12/5/14	3,360	(209)	-	3,151
Medium Term Notes	36962G5M2	GE CAPITAL CORP MTN	87,824,000	2.15	0.77	7/12/13	1/9/15	157,351	(98,537)	-	58,815
Medium Term Notes	36962G5M2	GE CAPITAL CORP MTN	4,820,000	2.15	0.59	8/7/13	1/9/15	8,636	(6,154)	-	2,482
Medium Term Notes	36962G5M2	GE CAPITAL CORP MTN	27,743,000	2.15	0.29	12/16/13	1/9/15	49,706	(42,278)	-	7,428
Medium Term Notes	36962G6T6	GE FLT NT 3ML+38	25,000,000	0.61	0.61	1/10/13	1/9/15	12,794	-	-	12,794
Medium Term Notes	46625HHP8	JP MORGAN CHASE MTN	16,935,000	3.70	0.51	2/18/14	1/20/15	52,216	(44,303)	-	7,913
Medium Term Notes	46625HHP8	JP MORGAN CHASE MTN	22,580,000	3.70	0.48	3/17/14	1/20/15	69,622	(59,234)	-	10,388
Medium Term Notes	78008SVS2	RBC MTN FIX-TO-FLT	100,000,000	0.33	0.33	1/22/13	1/22/15	27,633	-	-	27,633
Medium Term Notes	89233P7H3	TOYOTA MTN 3ML+17	35,000,000	0.40	0.40	1/23/13	1/23/15	11,757	-	-	11,757
Medium Term Notes	717081DA8	PFIZER MTN	25,000,000	0.34	0.34	2/4/13	2/4/15	7,065	-	-	7,065
Medium Term Notes	89236TAG0	TOYOTA MOTOR CREDIT CORP 3M	3,000,000	5.35	0.44	12/9/13	3/15/15	13,375	(12,094)	-	1,281
Medium Term Notes	64952WAW3	NEW YORK LIFE MTN	50,000,000	3.00	0.38	4/12/13	4/8/15	15,963	-	-	15,963
Medium Term Notes	459200HD6	IBM MTN	5,000,000	3.00	0.26	9/22/14	5/4/15	3,750	(3,385)	-	365
Medium Term Notes	36962G5Z3	GE CAPITAL CORP MTN	5,425,000	0.75	0.27	12/19/13	5/11/15	3,391	(2,118)	-	1,273
Medium Term Notes	36962G4M3	GE CAPITAL CORP FLT MTN 3ML+7:	5,000,000	1.63	0.81	8/19/13	7/2/15	6,771	(3,310)	-	3,461
Medium Term Notes	89233P6J0	TOYOTA MTN	8,565,000	0.98	0.28	11/25/13	7/9/15	7,024	(3,043)	-	3,981
Medium Term Notes	89233P6J0	TOYOTA MTN	10,000,000	0.88	0.44	11/15/13	7/17/15	7,292	(3,547)	-	3,745
Medium Term Notes	594918AG9	MICROSOFT MTN	6,100,000	0.88	0.30	3/4/14	7/17/15	4,448	(2,873)	-	1,575
Medium Term Notes	961214BW2	WESTPAC NT	3,186,000	1.63	0.39	10/30/13	9/25/15	4,314	(3,206)	-	1,109
Medium Term Notes	369604BE2	GENERAL ELECTRIC MTN	10,152,000	1.13	0.35	9/15/14	9/25/15	5,076	(3,422)	-	1,654
Medium Term Notes	369604BE2	GENERAL ELECTRIC MTN	10,000,000	0.85	0.42	3/5/14	10/9/15	7,083	(3,551)	-	3,533
Medium Term Notes	369604BE2	GENERAL ELECTRIC MTN	8,000,000	0.85	0.46	5/7/14	10/9/15	5,667	(2,520)	-	3,147
Medium Term Notes	06366RJH9	BANK OF MONTREAL MTN	9,300,000	0.85	0.40	5/19/14	10/9/15	6,588	(3,444)	-	3,144
Medium Term Notes	36962G4T8	GE CAPITAL CORP MTN	8,500,000	0.80	0.56	3/27/14	11/6/15	5,667	(1,654)	-	4,013
Medium Term Notes	742718DS5	PROCTER & GAMBLE MTN	7,000,000	2.25	0.48	5/12/14	11/9/15	13,125	(10,104)	-	3,021
Medium Term Notes	459200GU9	IBM CORP NT	23,025,000	1.80	0.34	3/7/14	11/15/15	34,538	(27,362)	-	7,176
Medium Term Notes	064255AK8	BTMUFJ FLT MTN 3ML+45	10,000,000	1.80	0.41	3/12/14	11/15/15	15,000	(11,349)	-	3,651
Medium Term Notes	064255AK8	BTMUFJ FLT MTN 3ML+45	19,579,000	2.00	0.48	2/11/14	1/5/16	32,632	(24,275)	-	8,357
Medium Term Notes	89236TBV5	GE FLT MTN 3ML+20	10,000,000	0.68	0.45	3/17/14	2/26/16	5,708	(1,511)	-	4,197
Medium Term Notes	89236TBV8	TOYOTA MOTOR CREDIT CORP 3M	17,689,000	0.43	0.39	5/19/14	5/11/16	6,384	(595)	-	5,790
Medium Term Notes	89236TBV6	TOYOTA MOTOR CREDIT CORP FF-	50,000,000	0.33	0.33	9/23/14	9/23/16	3,701	-	-	3,701
Medium Term Notes	89236TBV6	TOYOTA MOTOR CREDIT CORP FF-	47,500,000	0.34	0.34	9/25/14	9/23/16	2,678	-	-	2,678
Subtotals			\$ 777,311,000				\$ 835,138	\$ (568,197)	\$ -	\$ 266,941	
Money Market Funds	09248U718	BLACKROCK T-FUND INSTL	\$ 10,000,000	0.01	0.01	9/30/14	10/1/14	\$ 82	\$ -	\$ -	\$ 82
Money Market Funds	316175108	FIDELITY INSTL GOVT PORT	10,003,616	0.01	0.01	9/30/14	10/1/14	82	-	-	82
Money Market Funds	61747C707	MS INSTL GOVT FUND	25,086,004	0.04	0.04	9/30/14	10/1/14	825	-	-	825
Subtotals			\$ 45,089,620				\$ 989	\$ -	\$ -	\$ 989	
Grand Totals			\$ 5,688,719,620				\$ 4,602,498	\$ (1,638,554)	\$ 816,000	\$ 3,779,944	

¹Yield to maturity is calculated at purchase

Investment Transactions

Pooled Fund

For month ended September 30, 2014

Transaction	Settle Date	Maturity	Type of Investment	Issuer Name	CUSIP	Par Value	Coupon	YTM	Price	Interest	Transaction
Purchase	6/13/2016	6/13/2016	Federal Agencies	FHLB SUB NT	313771AA5	\$ 8,620,000	5.63	0.62	\$ 108.83	\$ -	\$ 9,489,812
Purchase	9/4/2014	5/27/2017	Federal Agencies	FNMA CALL NT	3136FTR27	17,000,000	1.02	1.03	99.98	-	17,044,106
Purchase	9/11/2014	10/11/2016	Federal Agencies	FFCB NT	3133EDUV2	30,700,000	0.65	0.70	99.90	-	30,668,318
Purchase	9/15/2014	9/25/2015	Medium Term Notes	WESTPAC NT	961214BW2	10,152,000	1.13	0.35	100.79	-	10,286,133
Purchase	9/16/2014	3/10/2016	Negotiable CDs	ROYAL BANK OF CANADA NY	78009NSA5	25,000,000	0.31	0.31	100.00	-	25,000,000
Purchase	9/19/2014	10/31/2014	Medium Term Notes	IBM/MTN	459200GZ8	13,500,000	0.88	0.17	100.08	-	13,556,409
Purchase	9/22/2014	5/4/2015	Medium Term Notes	NEW YORK LIFE MTN	64952WAW3	5,000,000	3.00	0.26	101.69	-	5,141,750
Purchase	9/23/2014	9/23/2016	Medium Term Notes	TOYOTA MOTOR CREDIT CORP	89236TBU8	50,000,000	0.33	0.33	100.00	-	50,000,000
Purchase	9/25/2014	9/23/2016	Negotiable CDs	BANK OF NOVA SCOTIA FLT	06417HUW4	50,000,000	0.43	0.43	100.00	-	50,000,000
Purchase	9/25/2014	9/23/2016	Medium Term Notes	TOYOTA MOTOR CREDIT CORP	89236TBV6	47,500,000	0.34	0.34	100.00	-	47,500,000
Purchase	9/25/2014	9/25/2017	Federal Agencies	FHLMC CALL MTN	3134G5HS7	20,100,000	1.13	1.16	99.90	-	20,079,900
Purchase	9/25/2014	9/25/2017	Negotiable CDs	BANK OF NOVA SCOTIA YCD	06417HUR5	50,000,000	0.51	0.51	100.00	-	50,000,000
Purchase	9/30/2014	10/1/2014	Money Market Funds	MS INSTL GOVT FUND	61747C707	825	0.04	0.04	100.00	-	825
Purchase	9/30/2014	10/1/2014	Money Market Funds	FIDELITY INSTL GOVT PORT	316175108	82	0.01	0.01	100.00	-	82
Subtotals						\$ 327,572,907	0.72	0.50	\$ 100.27	\$ -	\$ 328,767,335

Sale	9/19/2014	12/12/2014	Federal Agencies	FHLB	313371W51	\$ 75,000,000	1.25	1.46	\$ 99.19	\$ 252,604	\$ 75,459,604
Subtotals						\$ 75,000,000	1.25	1.46	\$ 99.19	\$ 252,604	\$ 75,459,604

Maturity	9/8/2014	9/8/2014	Federal Agencies	FNMA EX-CALL NT	31398A3G5	\$ 13,200,000	1.50	0.51	\$ 102.39	\$ 99,000	\$ 13,299,000
Subtotals						\$ 13,200,000	1.50	0.51	\$ 102.39	\$ 99,000	\$ 13,299,000

Interest	9/1/2014	3/1/2015	State/Local Agencies	NEW YORK ST TAXABLE GO	649791JS0	\$	0.39	0.40	\$ 99.98	\$ 9,009	\$ 9,009
Interest	9/1/2014	4/1/2016	Federal Agencies	FAMCA FLT MTN 1ML+0	31315PTF6	50,000,000	0.16	0.16	100.00	6,708	6,708
Interest	9/1/2014	9/1/2016	Federal Agencies	FAMCA NT	31315PQB8	7,000,000	1.50	0.70	102.23	52,500	52,500
Interest	9/2/2014	10/1/2014	Money Market Funds	BLACKROCK T-FUND INSTL	09248U718	10,000,000	0.01	0.01	100.00	85	85
Interest	9/2/2014	6/2/2016	Federal Agencies	FFCB FLT NT 1ML+3	3133EDB35	50,000,000	0.19	0.20	99.98	8,008	8,008
Interest	9/3/2014	6/3/2019	Federal Agencies	FARMER MAC FLT CALL	31315P3W7	50,000,000	0.38	0.38	100.00	47,175	47,175
Interest	9/5/2014	12/5/2014	Medium Term Notes	TOYOTA MTN 3ML+17	89233P7B6	10,000,000	0.40	0.30	100.05	10,156	10,156
Interest	9/6/2014	6/6/2018	Federal Agencies	FARMER MAC FLT CALL	31315P4W6	25,000,000	0.36	0.36	100.00	22,469	22,469
Interest	9/9/2014	9/9/2016	Federal Agencies	FHLB BD	313370TW8	25,000,000	2.00	1.39	102.91	250,000	250,000
Interest	9/10/2014	9/10/2015	Federal Agencies	FHLMC BONDS	3137EACM9	50,000,000	1.75	2.17	98.10	437,500	437,500
Interest	9/11/2014	9/11/2015	Federal Agencies	FHLB	313370JB5	75,000,000	1.75	2.31	98.12	656,250	656,250
Interest	9/11/2014	3/11/2016	Federal Agencies	FHLB NT	313375RN9	22,200,000	1.00	0.82	100.71	111,000	111,000
Interest	9/11/2014	3/11/2016	Federal Agencies	FHLB	3133XXP43	14,000,000	3.13	0.41	106.06	218,750	218,750
Interest	9/11/2014	10/11/2016	Federal Agencies	FFCB FLT NT 1ML+2	3133EDJA1	25,000,000	0.18	0.19	99.98	3,810	3,810
Interest	9/12/2014	6/12/2017	Federal Agencies	FHLB STEP NT	3130A1ZR2	50,000,000	0.50	0.50	100.00	62,500	62,500
Interest	9/14/2014	5/14/2015	Federal Agencies	FFCB FLT NT 1ML+1	3133EAQCS	50,000,000	0.17	0.20	99.97	7,147	7,147
Interest	9/14/2014	9/14/2016	Federal Agencies	FFCB FLT NT 1ML+2	3133EDH21	50,000,000	0.18	0.18	99.99	7,578	7,578

Investment Transactions Pooled Fund

Transaction	Settle Date	Maturity	Type of Investment	Issuer Name	CUSIP	Par Value	Coupon	YTM	Price	Interest	Transaction
Interest	9/15/2014	3/15/2015	Medium Term Notes	PFIZER MTN	717081DA8	3,000,000	5.35	0.44	106.20	80,250	80,250
Interest	9/15/2014	9/15/2015	Federal Agencies	FARMER MAC	31315PGT0	45,000,000	2.13	2.17	99.81	478,125	478,125
Interest	9/16/2014	3/16/2015	Federal Agencies	FNMA GLOBAL	3135G0HG1	9,399,000	0.38	0.20	100.20	17,623	17,623
Interest	9/16/2014	9/16/2015	Federal Agencies	FFCB NT	3133ECZG2	52,047,000	0.55	0.32	100.40	143,129	143,129
Interest	9/18/2014	9/18/2015	Federal Agencies	FFCB FLT NT QTR T-BILL+1	3133ECZB1	16,200,000	0.18	0.19	99.99	7,690	7,690
Interest	9/19/2014	11/19/2015	Federal Agencies	FFCB FLT NT MONTHLY 1ML+	3133ECLZ5	25,000,000	0.16	0.17	99.99	3,348	3,348
Interest	9/19/2014	6/19/2017	Federal Agencies	FFCB FLT NT FF+22	3133EAUW6	50,000,000	0.31	0.31	100.00	39,708	39,708
Interest	9/20/2014	1/20/2016	Federal Agencies	FFCB FLT	3133ED5A6	50,000,000	0.16	0.16	100.00	6,695	6,695
Interest	9/20/2014	9/20/2017	Federal Agencies	FNMA STEP NT	3136G0B59	64,750,000	0.70	0.70	100.00	226,625	226,625
Interest	9/21/2014	9/21/2015	Federal Agencies	FNMA EX-CALL NT	31398A3T7	25,000,000	2.00	1.08	103.52	250,000	250,000
Interest	9/22/2014	6/22/2015	Federal Agencies	FFCB FLT NT 1ML+2	3133EAVE5	50,000,000	0.18	0.21	99.97	7,535	7,535
Interest	9/22/2014	9/22/2015	Federal Agencies	FFCB FLT NT 1ML+2.5	3133EAFJ6	27,953,000	0.18	0.22	99.96	4,333	4,333
Interest	9/22/2014	3/22/2016	Negotiable CDs	BANK OF NOVA SCOTIA FLT	06417HHL3	10,000,000	0.46	0.46	100.00	11,618	11,618
Interest	9/24/2014	4/25/2016	Negotiable CDs	WESTPAC FLT YCD 1ML+22	96121TWK0	50,000,000	0.38	0.37	100.00	15,104	15,104
Interest	9/24/2014	6/24/2016	Federal Agencies	FHLB EX-CALL NT	3130A1BK3	25,000,000	0.50	0.50	100.00	62,500	62,500
Interest	9/24/2014	7/24/2017	Federal Agencies	FFCB FLT NT 1ML+4	3133ECV92	50,000,000	0.20	0.20	100.00	8,396	8,396
Interest	9/25/2014	6/25/2015	Negotiable CDs	ROYAL BANK OF CANADA NY	78009NGU4	5,500,000	0.33	0.38	99.95	4,573	4,573
Interest	9/25/2014	9/25/2015	Medium Term Notes	MICROSOFT MTN	594918AG9	3,186,000	1.63	0.39	102.33	25,886	25,886
Interest	9/25/2014	9/25/2015	Medium Term Notes	WESTPAC NT	96121BW2	10,152,000	1.13	0.35	100.79	3,173	3,173
Interest	9/26/2014	9/26/2016	Federal Agencies	FHLMC EX-CALL MTN	3134G4XW3	25,000,000	0.60	0.60	100.00	75,000	75,000
Interest	9/27/2014	4/27/2015	Federal Agencies	FFCB FLT NT 1ML+1.5	3133EAPJ4	50,000,000	0.17	0.19	99.99	7,319	7,319
Interest	9/27/2014	2/27/2017	Federal Agencies	FFCB FLT NT 1ML+5.5	3133EDFW7	50,000,000	0.21	0.21	100.00	9,042	9,042
Interest	9/27/2014	9/27/2017	Federal Agencies	FNMA STEP NT	3136G0D81	100,000,000	0.72	0.72	100.00	360,000	360,000
Interest	9/27/2014	3/27/2019	Federal Agencies	FHLB STEP CALL NT	3130A1B98	75,000,000	1.00	1.00	100.00	187,500	187,500
Interest	9/28/2014	3/28/2016	Federal Agencies	FFCB NT	3133EAIJ3	25,000,000	1.05	0.82	100.88	131,250	131,250
Interest	9/28/2014	3/28/2017	Federal Agencies	FHLMC CALL MTN	3134G4XM5	25,000,000	0.78	0.78	100.00	97,500	97,500
Interest	9/28/2014	3/28/2017	Federal Agencies	FNMA CALL NT	3136G1ZB8	25,000,000	0.88	0.88	100.00	109,375	109,375
Interest	9/29/2014	9/29/2017	Federal Agencies	FHLMC GLOBAL NT	3137EADL0	25,000,000	1.00	1.22	99.23	125,000	125,000
Interest	9/30/2014	10/1/2014	Money Market Funds	MS INSTL GOVT FUND	61747C707	25,085,179	0.04	0.04	100.00	825	825
Interest	9/30/2014	10/1/2014	Money Market Funds	FIDELITY INSTL GOVT PORT	316175108	10,003,533	0.01	0.01	100.00	82	82
Interest	9/30/2014	3/31/2015	U.S. Treasuries	US TSY NT	912828MW7	50,000,000	2.50	0.48	106.21	625,000	625,000
Interest	9/30/2014	3/30/2016	Federal Agencies	FNMA GLOBAL NT	3135G0VA8	25,000,000	0.50	0.46	100.09	62,500	62,500
Interest	9/30/2014	9/30/2016	U.S. Treasuries	US TSY NT	912828RJ1	75,000,000	1.00	1.05	99.77	375,000	375,000
Interest	9/30/2014	3/31/2017	U.S. Treasuries	US TSY NT	912828SM3	50,000,000	1.00	1.07	99.67	250,000	250,000
Subtotals						\$ 1,775,095,713	0.75	0.66	\$ 100.21	\$ 5,722,349	\$ 5,776,282

Grand Totals	14 Purchases	(1) Sales	(1) Maturities / Calls	12 Change in number of positions

Non-Pooled Investments

As of September 30, 2014

Type of Investment	CUSIP	Issue Name	Settle Date	Maturity Date	Duration	Coupon	Par Value	Book Value	Amortized Book Value	Market Value
Slate/Local Agencies	797712AD8	SFRDA SOUTH BEACH HARBOR	1/20/12	12/1/16	2.09	3.50	\$ 3,270,000	\$ 3,270,000	\$ 3,270,000	\$ 3,270,000
Subtotals					2.09	3.50	\$ 3,270,000	\$ 3,270,000	\$ 3,270,000	\$ 3,270,000
Grand Totals					2.09	3.50	\$ 3,270,000	\$ 3,270,000	\$ 3,270,000	\$ 3,270,000

NON-POOLED FUNDS PORTFOLIO STATISTICS

	Current Month		Prior Month	
	Fiscal YTD	September 2014	Fiscal YTD	August 2014
Average Daily Balance	\$ 3,270,000	\$ 3,270,000	\$ 3,270,000	\$ 3,270,000
Net Earnings	\$ 28,613	\$ 9,538	\$ 19,075	\$ 9,538
Earned Income Yield	3.47%	3.55%	3.43%	3.43%

Note: All non-pooled securities were inherited by the City and County of San Francisco as successor agency to the San Francisco Redevelopment Agency. Book value and amortized book value are derived from limited information received from the SFRDA and are subject to verification.



Memorandum

Date: 11.10.14 **RE:** Finance Committee
November 18, 2014

To: Finance Committee: Commissioners Cohen (Chair), Wiener (Vice Chair), Chiu, Farrell, Tang and Avalos (Ex Officio)

From: Cynthia Fong – Deputy Director for Finance and Administration *CF*

Through: Tilly Chang – Executive Director *TC*

Subject: **ACTION** – Recommend Acceptance of the Audit Report for the Fiscal Year Ended June 30, 2014

Summary

The Transportation Authority's financial records are required to be audited annually by an independent, certified public accountant. The annual audit (Audit Report) for the year ended June 30, 2014 was conducted in accordance with generally accepted auditing standards by the independent, certified public accounting firm of Macias, Gini & O'Connell, LLP (Macias Gini). Macias Gini is also the auditor for the City and County of San Francisco. The Transportation Authority received all unmodified (also known as a clean opinion/unqualified opinion) audit opinions from Macias Gini, with no findings or recommendations for improvements. For the fiscal audit, Macias Gini has issued an opinion, stating that the financial statements present fairly, in all material respects, the financial position of the Transportation Authority. Since more than \$500,000 in federal grants was expended during the year, a single audit (compliance audit) was performed on the Yerba Buena Island Ramps and Bridge Structures Project, eFleet: Carsharing Electrified Project, Integrated Public Private Partnership Travel Demand Management Program, San Francisco Value Pricing and Regulation Study, Treasure Island Mobility Management Program, and Congestion Management Agency Planning and Programming funded by the Surface Transportation Program. For the single audit, Macias Gini has issued an opinion, stating the Transportation Authority complied in all material respects with the compliance requirements that could have a direct and material effect on the federal funds audited. The full audit report and a separate report containing other required communications to the Finance Committee are attached. **We are seeking a recommendation to accept the Audit Report for the fiscal year ended June 30, 2014.**

BACKGROUND

Under its fiscal policy, the Transportation Authority's financial records are to be audited annually by an independent, certified public accounting firm. The audits for the fiscal year ended June 30, 2014 (Audit Report) were conducted in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. The Audit Report contains formal opinions, or disclaimers thereof, issued by an independent, certified public accounting firm as a result of an external audit performed on an agency. An unmodified opinion (also known as a clean opinion/unqualified opinion) is the best type of report an agency may receive from an external audit and represents that the agency complied with direct and material regulatory requirements or that the agency's financial condition, position, and operations in all material respects were fairly presented.

As more than \$500,000 in federal expenditures was expended during the fiscal year, the Transportation Authority also was subject to the federal single audit compliance requirements. Both the fiscal audit and

the single audit were performed by the independent, certified public accounting firm of Macias, Gini, and O'Connell, LLP (Macias Gini). Macias Gini is also the independent auditor for the City and County of San Francisco.

DISCUSSION

The Audit Report includes the overall basic financial statements, a management discussion and analysis of the Transportation Authority's financial performance during that fiscal year, notes and required supplemental information, and the results from the single audit of federal awards. Financial performance of the Transportation Authority is described in the management's discussion and analysis section. This section includes specific financial analysis, budgetary comparison schedules presented for major funds, and accompanying notes included as supplementary information for the statements.

We are pleased to note that Macias Gini issued all unmodified (clean/unqualified) opinions and the Transportation Authority received no findings or recommendations for improvements. For the annual audit, Macias Gini has issued an opinion, stating that the financial statements present fairly, in all material respects, the financial position of the Transportation Authority. Since more than \$500,000 in federal grants was expended during the year, a single audit (compliance audit) was performed on the Yerba Buena Island Ramps and Bridge Structures Project, eFleet: Carsharing Electrified Project, Integrated Public Private Partnership Travel Demand Management Program, San Francisco Value Pricing and Regulation Study, Treasure Island Mobility Management Program, and Congestion Management Agency Planning and Programming funded by the Surface Transportation Program. For the single audit, Macias Gini has issued an opinion, stating that the Transportation Authority complied in all material respects with the compliance requirements that could have a direct and material effect on the federal funds audited. The full audit report and a separate report regarding other required communications to the Finance Committee are attached.

We are seeking a recommendation to accept the Audit Report for the fiscal year ended June 30, 2014.

ALTERNATIVES

1. Recommend acceptance of the Audit Report for the fiscal year ended June 30, 2014.
2. Recommend acceptance of the Audit Report for the fiscal year ended June 30, 2014, with modifications.
3. Defer action, pending additional information or further staff analysis.

CAC POSITION

None. This item will be presented at the December 3, 2014 meeting of the Citizens Advisory Committee (CAC).

FINANCIAL IMPACTS

There are no financial impacts on the Transportation Authority's budget from the proposed action.

RECOMMENDATION

Recommend acceptance of the Audit Report for the fiscal year ended June 30, 2014.

Attachments (2):

1. Audit Report for the Year Ended June 30, 2014
2. Report to the Finance Committee for the Year Ended June 30, 2014

**SAN FRANCISCO COUNTY
TRANSPORTATION AUTHORITY**

Annual Financial Report

For the Year Ended June 30, 2014

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Annual Financial Report
For the Year Ended June 30, 2014

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Independent Auditor's Report

Board of Commissioners
 San Francisco County Transportation Authority
 San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the San Francisco County Transportation Authority (Transportation Authority), a component unit of the City and County of San Francisco, California, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Transportation Authority'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 these 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 these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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, the auditor considers internal control relevant to the entity'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 entity'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, each major fund and the aggregate remaining fund information of the San Francisco County Transportation Authority as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of funding progress and employer contributions and the budgetary comparison schedules as listed in the table of contents be presented 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 audit 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Transportation Authority's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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 schedule of expenditures of federal awards 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, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2014 on our consideration of the Transportation Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Transportation Authority's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Walnut Creek, California

November 7, 2014

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2014

The annual financial report of the San Francisco County Transportation Authority (Transportation Authority) presents a discussion and analysis of the Transportation Authority's financial performance during the year ended June 30, 2014. The Transportation Authority's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- The liabilities of the Transportation Authority's governmental activities exceeded its assets at the close of Fiscal Year (FY) 2013/14 by \$35.9 million. Of the net position, \$2.8 million was for net investment in capital assets, \$342 thousand was restricted for debt service, \$12.2 million was restricted for capital projects, and a negative balance of \$51.2 million was unrestricted deficit. A major factor to consider in reviewing the statement of net position is that the Transportation Authority does not hold or retain title for the projects it constructs or for the vehicles and system improvements that it purchases with sales tax program funds, congestion management agency programs funds, transportation funds for clean air program funds, and vehicle registration fee for transportation improvements program funds. The reporting of the commercial paper debt program, without a corresponding asset, results in the net deficit. Furthermore, debt financing has been used to enable the acceleration of projects for the benefit of San Francisco residents and taxpayers. Cash, deposits and investments increased by \$3.9 million as compared to the prior year. Other non-cash assets (assets other than cash, deposits, and investments) increased by \$9.6 million as compared to the prior year.
- The Transportation Authority's total net position increased \$25.2 million during the year ended June 30, 2014, as compared to a decrease of \$17.3 million in the prior year. Sales tax revenues increased by \$8.2 million from the prior year. Investment income increased by \$617 thousand, due to unrealized gains in the Transportation Authority's investment in the City and County of San Francisco Treasury Pool and other revenues increased \$4.9 million. This year to year variance is largely due to the construction activities for the Interstate 80/Yerba Buena Island Ramps Improvement Project (YBI Ramps) project. Transportation and capital projects expenses decreased by \$29 million during the year ended June 30, 2014 due to project delays including the Transit Effectiveness Project, Transbay Transit Center Project, and Radio System Replacement Project.
- The Transportation Authority had negative governmental fund balances of \$44.4 million. Of this amount, \$249 thousand is nonspendable, \$343 thousand is restricted for debt service, \$0.8 million is restricted for the capital projects in Transportation Fund for Clean Air Program Fund and \$11 million for capital projects in the Vehicle Registration Fee for Transportation Improvements Program Fund, and \$56.8 million is an unassigned negative fund balance. The Transportation Authority's governmental funds balances increased by \$23.5 million in comparison with the prior year. The negative fund balance in the governmental funds balance sheet occurred in part because the Transportation Authority's capital projects are implemented over the course of several fiscal periods and are funded with short-term financing. The negative governmental fund balance reflects no more than the Transportation Authority's intent to fund a portion of the long-term capital project expenditures in future years.
- The Transportation Authority went from a cash ("pay-as-you-go") financing basis to a borrowing entity in March 2004. The Board of Commissioners authorized the issuance by the Transportation Authority of up to \$200 million of commercial paper notes. The Transportation Authority issued \$50 million of commercial paper on April 14, 2004, with a second tranche of \$100 million issued

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 Management's Discussion and Analysis (Unaudited)
 For the Year Ended June 30, 2014

on September 2, 2004. During FY 2013/14 the Transportation Authority worked with sponsors to forecast the financing needed for capital projects in FY 2014/15. As a result of this analysis, \$15 million of commercial paper notes was redeemed during FY 2013/14, and at June 30, 2014, \$135 million in commercial paper notes was outstanding.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Transportation Authority's basic financial statements. The Transportation Authority's basic financial statements comprise three components: (1) **Government-wide** financial statements, (2) **Fund** financial statements, and (3) **Notes** to the basic financial statements. Required supplementary information is included in addition to the basic financial statements. Table 1 shows the relationship of the government-wide financial statements to the governmental fund financial statements.

Table 1
 Qualities of Government-wide Financial Statements as
 Compared to Financial Statements Prepared Under Traditional Governmental Fund Accounting

Quality	Government-wide Financial Statements	Governmental Fund Accounting Financial Statements	Fiduciary Fund Financial Statements
Scope	Entire Transportation Authority	Activities of the Transportation Authority that are not proprietary or fiduciary	Instances in which the Transportation Authority administers resources on behalf of others
Required Statements	<ul style="list-style-type: none"> ● Statement of Net Position ● Statement of Activities (both government-wide) 	<ul style="list-style-type: none"> ● Balance Sheet ● Statement of Revenues, Expenditures, and Changes in Fund Balances (for each individual fund) 	<ul style="list-style-type: none"> ● Statement of Fiduciary Assets and Liabilities
Basis of Accounting and Measurement Focus	<ul style="list-style-type: none"> ● Full accrual accounting ● Economic resources focus 	<ul style="list-style-type: none"> ● Modified accrual accounting ● Current financial resources focus 	<ul style="list-style-type: none"> ● Full accrual accounting

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Transportation Authority's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all Transportation Authority assets and liabilities, with the difference between the two reported as net position. The statement of net position is designed to provide information about the financial position of the Transportation Authority as a whole, including all of its capital assets and long-term liabilities, on a full accrual basis of accounting similar to the accounting model used by private sector firms.

The *statement of activities* presents information showing how the Transportation Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2014

underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to accrued, but uncollected taxes, and to expenses pertaining to earned but unused compensated absences.

Both of these government-wide financial statements distinguish functions of the Transportation Authority that are principally supported by receipt of sales taxes, vehicle registration fee, and other sources of government grants. The only governmental activity of the Transportation Authority is transportation and capital projects. The Transportation Authority does not have any business-type activities.

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. The Transportation Authority, like other state and local governments, uses fund accounting to ensure and to demonstrate compliance with finance-related legal requirements.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. All of the Transportation Authority's basic services are reported in governmental funds. These statements, however, focus on: (1) how cash and other financial assets can readily be converted to available resources, and (2) the balances left at year-end, which are available for spending. Such information is useful in determining what financial resources are available in the near future to finance the Transportation Authority's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances include a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Transportation Authority maintains four governmental funds organized according to their source of funding. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the: (A) Sales Tax Program, (B) Congestion Management Agency Programs, (C) Transportation Fund for Clean Air Program; and (D) Vehicle Registration Fee for Transportation Improvements Program. Each of these funds is considered a major fund.

Fiduciary fund is used to account for resources held for the benefit of parties outside the Transportation Authority. The Transportation Authority is acting solely as a fiduciary administrator for the San Francisco Municipal Transportation Agency's (MUNI) Third Street Light Rail Project's Owner-Controlled Insurance Program (OCIP) escrow account, and has no responsibility for managing the OCIP claims management or settlement.

Notes to the Basic Financial Statements

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

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2014

Required Supplementary Information

The required supplementary information (RSI) is presented concerning the Transportation Authority's budgetary comparison schedule for all the funds. The Transportation Authority adopts an annual appropriated budget. The budgetary comparison schedules have been provided to demonstrate compliance with the budget. The schedules of funding progress and employer contributions – postemployment healthcare benefits – is also presented as RSI.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Transportation Authority's statement of net position shows liabilities exceeded its assets by \$35.9 million at June 30, 2014. Cash, deposits and investments increased by \$3.9 million overall due to timing of payments related to FY 2012/13 expenditures while transportation and capital expenses for FY 2013/14 decreased \$29 million over the prior year. The other assets category increased by \$9.8 million as compared to the prior year mainly due to an increase in program receivables balance due to grant reimbursements related to construction activities for the YBI Ramps project and increase in sales tax receivable due to increase in overall FY 2013/14 sales tax revenues. Other assets include \$17.7 million in sales tax receivables, \$18.6 million in outstanding program and other receivables (including amounts due from the City and County of San Francisco) and \$10.6 million in intergovernmental loan made to the Treasure Island Development Authority (TIDA) for the Yerba Buena Island Interchange Improvement Project. For the year ended June 30, 2014, the loan increased by \$271 thousand and as of June 30, 2014 TIDA has \$10.6 million of the loan outstanding, which includes accrued interest.

Table 2
Statement of Net Position (in thousands)

	June 30, 2014	June 30, 2013	\$ Change	% Change
Assets:				
Cash, deposits, and investments	\$ 70,983	\$ 67,080	\$ 3,903	5.8%
Other assets	48,134	38,364	9,770	25.5%
Capital assets	2,805	3,008	(203)	-6.7%
Total assets	<u>121,922</u>	<u>108,452</u>	<u>13,470</u>	12.4%
Liabilities:				
Current and other liabilities	<u>157,856</u>	<u>169,602</u>	<u>(11,746)</u>	-6.9%
Net Position:				
Net investment in capital assets	2,805	3,008	(203)	-6.7%
Restricted for debt service	342	300	42	14.0%
Restricted for capital projects	12,153	10,624	1,529	14.4%
Unrestricted deficit	<u>(51,234)</u>	<u>(75,082)</u>	<u>23,848</u>	31.8%
Total net position	<u>\$ (35,934)</u>	<u>\$ (61,150)</u>	<u>\$ 25,216</u>	41.2%

The Transportation Authority's accounts payable liability balance was \$3.5 million more than prior year due mainly to the increased construction activities for the YBI Ramps project. The Transportation Authority's restricted for capital projects of \$12.2 million represents resources subject to funding source constraints. The negative unrestricted net position amount of \$51.2 million represents a deficit due to commercial paper financing, which will be eliminated with future revenues. The Transportation

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2014

Authority's outstanding commitments are described in Note 14 of the basic financial statements. A portion of the Transportation Authority's net position of \$342 thousand reflects the debt service reserves required to support the Transportation Authority commercial paper debt program. The \$2.8 million in investment in capital assets (net of accumulated depreciation) is comprised mostly of Board-approved investments in the Transportation Authority's workspace such as leasehold improvements and furniture and equipment. The Transportation Authority currently uses these capital assets to provide services; consequently, these assets are not available for future spending. The Transportation Authority issues debt to finance sales tax sponsors' projects and programs, and these transportation facilities are owned and maintained by the sponsors. As a result, the facilities are recorded as an asset of the receiving agency. However, the related debt issued to finance these projects remains as a liability of the Transportation Authority.

Table 3
Statement of Activities (in thousands)

	For the Year Ended		\$ Change	% Change
	June 30, 2014	June 30, 2013		
Revenues:				
General:				
Sales tax	\$ 93,930	\$ 85,753	\$ 8,177	9.5%
Vehicle registration fee	4,882	4,724	158	3.3%
Investment income	638	21	617	2938.1%
Other	304	678	(374)	-55.2%
Program operating grants and contributions	17,588	12,703	4,885	38.5%
Total revenues	<u>117,342</u>	<u>103,879</u>	<u>13,463</u>	13.0%
Expenses:				
Transportation and capital projects	90,772	119,741	(28,969)	-24.2%
Interest	1,354	1,483	(129)	-8.7%
Total expenses	<u>92,126</u>	<u>121,224</u>	<u>(29,098)</u>	-24.0%
Change in net position	25,216	(17,345)	42,561	245.4%
Net position, beginning	<u>(61,150)</u>	<u>(43,805)</u>	<u>(17,345)</u>	-39.6%
Net position, ending	<u>\$ (35,934)</u>	<u>\$ (61,150)</u>	<u>\$ 25,216</u>	41.2%

The Transportation Authority's net position increased \$25.2 million for the year ended June 30, 2014. During the period, sales tax revenues increased by \$8.2 million or 9.5% as compared to the prior year. There is \$4.9 million of vehicle registration fee revenues, approved by San Francisco voters through Proposition AA (Prop AA) in November 2010. Investment income increased by \$617 thousand due to unrealized gains in the Transportation Authority's investment in the City and County of San Francisco Treasury Pool. Program revenues increased by \$4.9 million due to increased construction activities for the YBI Ramps project.

For the year ended June 30, 2014, transportation and capital projects expenses were \$29 million less than prior year, mainly due to project delays including the Transit Effectiveness Project, Transbay Transit Center Project, and Radio System Replacement Project.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2014

FINANCIAL ANALYSIS OF THE TRANSPORTATION AUTHORITY'S FUNDS

As noted earlier, the Transportation Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Transportation Authority's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Transportation Authority's financing requirements.

Table 4
Balance Sheet (in thousands)

	June 30, 2014						
	Sales Tax Program	Congestion Management Agency Programs	Transportation For Clean Air Program	Vehicle Registration Fee For Transportation Improvements Program	Total	June 30, 2013	\$ Change
Assets:							
Cash, deposits, and investments	\$ 57,751	\$ -	\$ 1,447	\$ 11,785	\$ 70,983	\$ 67,080	\$ 3,903
Other assets	36,371	15,381	371	843	52,966	40,540	12,426
Total assets	\$ 94,122	\$ 15,381	\$ 1,818	\$ 12,628	\$ 123,949	\$ 107,620	\$ 16,329
Liabilities, deferred inflows of resources and fund balances (deficits):							
Liabilities:							
Current and other liabilities	\$ 148,424	\$ 9,147	\$ 690	\$ 1,603	\$ 159,864	\$ 169,149	\$ (9,285)
Deferred inflows of resources:							
Unavailable program revenue	1,871	6,234	371	-	8,476	6,359	2,117
Fund balances (deficits):							
Nonspendable	249	-	-	-	249	82	167
Restricted for:							
Debt service	343	-	-	-	343	300	43
Capital projects	-	-	757	11,025	11,782	10,623	1,159
Unassigned	(56,765)	-	-	-	(56,765)	(78,893)	22,128
Total fund balances (deficits)	(56,173)	-	757	11,025	(44,391)	(67,888)	23,497
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 94,122	\$ 15,381	\$ 1,818	\$ 12,628	\$ 123,949	\$ 107,620	\$ 16,329

At June 30, 2014, the Transportation Authority's governmental funds reported combined ending negative fund balances of \$44.4 million, a decrease of \$23.5 million as compared to the prior year. The total fund balances are composed of a balance of \$249 thousand nonspendable for prepaid costs and deposits, \$343 thousand restricted for debt service, a balance of \$11.8 million restricted for the capital projects, and a negative unassigned fund balance of \$56.8 million.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2014

Table 5

Statement of Revenues, Expenditures, and Changes in Fund Balances (in thousands)

	For the Year Ended June 30, 2014					Year Ended June 30, 2013	\$ Change
	Sales Tax Program	Congestion Management Agency Programs	Transportation For Clean Air Program	Vehicle Registration Fee For Transportation Improvements Program	Total		
Revenues:							
Sales tax	\$ 93,931	\$ -	\$ -	\$ -	\$ 93,931	\$ 85,754	\$ 8,177
Vehicle registration fee	-	-	-	4,882	4,882	4,725	157
Investment income	632	-	2	4	638	20	618
Program revenues	3,800	11,291	379	-	15,470	36,535	(21,065)
Lease Incentive	-	-	-	-	-	1,763	(1,763)
Other	81	88	-	-	169	542	(373)
Total revenues	98,444	11,379	381	4,886	115,090	129,339	(14,249)
Expenditures:							
Transportation and capital projects	65,903	20,228	416	3,692	90,239	119,180	(28,941)
Interest	1,354	-	-	-	1,354	1,483	(129)
Total expenditures	67,257	20,228	416	3,692	91,593	120,663	(29,070)
Excess (deficiency) of revenues (under) expenditures	31,187	(8,849)	(35)	1,194	23,497	8,676	14,821
Other financing sources (uses):							
Transfers in	-	8,849	-	-	8,849	2,741	6,108
Transfers out	(8,849)	-	-	-	(8,849)	(2,741)	(6,108)
Net change in fund balances	22,338	-	(35)	1,194	23,497	8,676	14,821
Fund balances (deficit), beginning	(78,511)	-	792	9,831	(67,888)	(76,564)	8,676
Fund balances (deficit), end of year	\$ (56,173)	\$ -	\$ 757	\$ 11,025	\$ (44,391)	\$ (67,888)	\$ 23,497

Total revenues for the Transportation Authority's activities totaled \$115.1 million in FY 2013/14, a decrease of \$14.2 million from FY 2012/13. As compared to the prior year, sales tax revenues increased by \$8.2 million, investment income increased by \$618 thousand, and program revenues decreased by \$21.1 million. Expenditures for the Transportation Authority's activities totaled \$91.6 million and decreased by \$29.1 million from FY 2012/13. At June 30, 2014, revenues for governmental funds exceeded expenditures by \$23.5 million. Other aspects of the individual program activities are discussed in the government-wide analysis above.

BUDGETARY ANALYSIS AND HIGHLIGHTS AND ECONOMIC FACTORS

The Transportation Authority's final budgetary fund balances decreased from the original budget by \$176.5 million. The majority of the variance is due to the timing of capital projects expenditure requests from sponsors and the resulting changing needs for the timing of the issuance and payments of commercial paper debt. In the final budget process, the Transportation Authority, working with sponsors, determined that additional debt financing was not necessary in FY 2013/14 and that \$15 million of commercial paper could be redeemed during the fiscal year. In addition, budgetary resources and appropriations related to several capital projects were revised resulting in an overall decrease in budgetary capital expenditures due to revised project estimated costs and project delays.

During the year, actual resources were more than the final budgetary estimates by \$6.9 million for all Transportation Authority's programs, not including the carryover budgetary fund balance. The majority of the variance is due to the increased Sales Tax revenues reflecting an improved economy and Congestion Management Agency Program revenues from federal funds for the Yerba Buena Island project.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2014

Actual charges to appropriations were less than budgetary estimates by \$37.8 million. This amount includes a positive favorable variance of \$41.1 million in capital project costs and an unfavorable variance of \$4.6 million in transfers to other funds. This lower capital spending is principally from sponsors funded by the sales tax program and vehicle registration fee for transportation improvements program whose major capital project costs were less than anticipated for FY 2013/14, which resulted in idle cash available to reduce the commercial paper note liability in the amount of \$15.0 million. The variance of \$4.6 million in transfers from the sales tax program fund to the congestion management agency programs fund is principally due the timing of the local match requirements for the Yerba Buena Island project. Additional information on the Transportation Authority's budgetary comparison schedules for all programs can be found on pages 40 through 44 of this report.

CAPITAL ASSETS

The Transportation Authority's investment in capital assets as of June 30, 2014, amounted to \$2.8 million (net of accumulated depreciation). This investment in capital assets includes leasehold improvements, furniture, and equipment. Additional information on the Transportation Authority's capital assets can be found in Note 5 on page 29 of this report.

COMMERCIAL PAPER NOTES

In March 2004, the Transportation Authority authorized \$200 million of commercial paper notes to finance the costs of acquiring, constructing and implementing certain transportation improvements included in the Transportation Authority's Proposition K Expenditure Plan. These notes will be repaid from sales tax revenues. During the prior year, Fitch Ratings, Inc. assigned a rating of "AA+" over the Commercial Paper Notes (Limited Tax Bonds), Series 2004A and Series 2004B. As of June 30, 2014, the Transportation Authority has \$135 million of commercial paper notes outstanding. Additional information on the Transportation Authority's commercial paper notes can be found in Note 7 on page 31 of this report.

On July 10, 2012, the Transportation Authority entered into a three-year credit facility with Wells Fargo Bank, National Association, in an amount equal to \$217.8 million. The credit facility will expire on July 10, 2015 and has a fee of 45 basis points of the annual maximum debt service amount. Additional information on the Transportation Authority's credit facility can be found in Note 7 on page 31 of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Transportation Authority's finances 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 San Francisco County Transportation Authority, Attention: Deputy Director for Finance and Administration, 1455 Market Street, 22nd Floor, San Francisco, California, 94103.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
Statement of Net Position
Governmental Activities
June 30, 2014

Assets:

Cash in bank	\$ 17,695,946
Deposits and investments with City Treasurer	52,944,541
Restricted investments with fiscal agents	342,674
Sales tax receivable	17,703,874
Vehicle registration fee receivable	843,311
Interest receivable from City and County of San Francisco	104,297
Program receivables	18,053,886
Receivable from the City and County of San Francisco	531,821
Other receivables	41,492
Intergovernmental loan receivable	10,606,801
Prepaid costs and deposits	249,102
Capital assets - depreciable, net	<u>2,804,523</u>
 Total assets	 <u>121,922,268</u>

Liabilities:

Accounts payable	13,037,919
Accounts payable to the City and County of San Francisco	6,869,941
Accrued salaries and taxes	105,217
Interest payable	19,139
Commercial paper notes payable	135,000,000
Unearned rent abatement	711,001
Unearned leasehold incentive	1,491,920
Accrued compensated absences	<u>620,906</u>
 Total liabilities	 <u>157,856,043</u>

Net position:

Net investment in capital assets	2,804,523
Restricted for debt service	342,674
Restricted by enabling legislation for capital projects	12,153,268
Unrestricted deficit	<u>(51,234,240)</u>
 Total net position	 <u>\$ (35,933,775)</u>

The notes to the basic financial statements are an integral part of this statement.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
Statement of Activities
Governmental Activities
For the Year Ended June 30, 2014

	Total	Transportation and Capital Projects	Interest
Expenses	\$ 92,126,066	\$ 90,771,643	\$ 1,354,423
Program revenues:			
Operating grants and contributions	17,587,975	17,587,975	-
Net program expense	(74,538,091)	\$ (73,183,668)	\$ (1,354,423)
General revenues:			
Sales tax	93,930,566		
Vehicle registration fee	4,881,668		
Investment income	637,677		
Other	304,466		
Total general revenues	99,754,377		
Change in net position	25,216,286		
Net position, beginning of year	(61,150,061)		
Net position, end of year	\$ (35,933,775)		

The notes to the basic financial statements are an integral part of this statement.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Balance Sheet
Governmental Funds
June 30, 2014

	Sales Tax Program	Congestion Management Agency Programs	Transportation Fund for Clean Air Program	Vehicle Registration Fee for Transportation Improvements Program	Total
Assets:					
Cash in bank	\$ 4,464,295	\$ -	\$ 1,446,553	\$ 11,785,098	\$ 17,695,946
Deposits and investments with City Treasurer	52,944,541	-	-	-	52,944,541
Restricted investments with fiscal agent	342,674	-	-	-	342,674
Sales tax receivable	17,703,874	-	-	-	17,703,874
Vehicle registration fee receivable	-	-	-	843,311	843,311
Interest receivable from City and County of San Francisco	104,297	-	-	-	104,297
Program receivables:					
Federal	-	14,235,158	-	-	14,235,158
State	-	295,102	-	-	295,102
Other	2,869,134	283,255	371,237	-	3,523,626
Receivable from the City and County of San Francisco	-	531,821	-	-	531,821
Other receivables	6,264	35,228	-	-	41,492
Intergovernmental loan receivable	10,606,801	-	-	-	10,606,801
Due from other funds	4,830,966	-	-	-	4,830,966
Prepaid costs and deposits	249,102	-	-	-	249,102
Total assets	<u>\$ 94,121,948</u>	<u>\$ 15,380,564</u>	<u>\$ 1,817,790</u>	<u>\$ 12,628,409</u>	<u>\$ 123,948,711</u>
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit):					
Liabilities:					
Accounts payable	\$ 7,661,297	\$ 4,758,723	\$ 117,056	\$ 500,843	\$ 13,037,919
Accounts payable to the City and County of San Francisco	5,638,355	55,411	154,089	1,022,086	6,869,941
Accrued salaries and taxes	105,217	-	-	-	105,217
Interest payable	19,139	-	-	-	19,139
Due to other funds	-	4,332,109	418,926	79,931	4,830,966
Commercial paper notes payable	135,000,000	-	-	-	135,000,000
Total liabilities	<u>148,424,008</u>	<u>9,146,243</u>	<u>690,071</u>	<u>1,602,860</u>	<u>159,863,182</u>
Deferred Inflows of Resources:					
Unavailable program revenues	1,871,497	6,234,321	371,237	-	8,477,055
Fund Balances (Deficit):					
Nonspendable	249,102	-	-	-	249,102
Restricted for:					
Debt service	342,674	-	-	-	342,674
Capital projects	-	-	756,482	11,025,549	11,782,031
Unassigned	(56,765,333)	-	-	-	(56,765,333)
Total fund balances (deficit)	<u>(56,173,557)</u>	<u>-</u>	<u>756,482</u>	<u>11,025,549</u>	<u>(44,391,526)</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 94,121,948</u>	<u>\$ 15,380,564</u>	<u>\$ 1,817,790</u>	<u>\$ 12,628,409</u>	

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 governmental funds.	2,804,523
Long-term receivables are not available to pay for current period expenditures and therefore are deferred in the governmental funds. Program receivables	8,477,055
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Unearned leasehold incentive	(1,491,920)
Unearned rent abatement	(711,001)
Accrued compensated absences	(620,906)
Net position of governmental activities	<u>\$ (35,933,775)</u>

The notes to the basic financial statements are an integral part of this statement.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	Sales Tax Program	Congestion Management Agency Programs	Transportation Fund for Clean Air Program	Vehicle Registration Fee for Transportation Improvements Program	Total
Revenues:					
Sales tax	\$ 93,930,566	\$ -	\$ -	\$ -	\$ 93,930,566
Vehicle registration fee	-	-	-	4,881,668	4,881,668
Investment income	631,520	-	2,203	3,954	637,677
Program revenues:					
Federal	-	9,497,092	-	-	9,497,092
State	-	1,280,267	-	-	1,280,267
Regional and other	3,800,222	513,858	378,268	-	4,692,348
Project refunds and other	81,398	87,439	-	-	168,837
Total revenues	98,443,706	11,378,656	380,471	4,885,622	115,088,455
Expenditures:					
Current - transportation and capital projects:					
Personnel expenditures	3,397,116	1,694,389	45,589	74,614	5,211,708
Non-personnel expenditures	1,704,536	253,286	-	27,111	1,984,933
Capital project costs	60,605,885	18,280,076	370,762	3,589,819	82,846,542
Capital outlay	195,221	-	-	-	195,221
Debt service -					
Interest and fiscal charges	1,354,423	-	-	-	1,354,423
Total expenditures	67,257,181	20,227,751	416,351	3,691,544	91,592,827
Excess (deficiency) of revenues over (under) expenditures	31,186,525	(8,849,095)	(35,880)	1,194,078	23,495,628
Other financing sources (uses):					
Transfers in	-	8,849,095	-	-	8,849,095
Transfers out	(8,849,095)	-	-	-	(8,849,095)
Total other financing sources (uses)	(8,849,095)	8,849,095	-	-	-
Net change in fund balances	22,337,430	-	(35,880)	1,194,078	23,495,628
Fund balances (deficit), beginning of year	(78,510,987)	-	792,362	9,831,471	
Fund balances (deficit), end of year	\$ (56,173,557)	\$ -	\$ 756,482	\$ 11,025,549	

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

In the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net position decreases by the amount of depreciation expense charged for the year.	195,221
Capital outlay	195,221
Depreciation expense	(398,588)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Amortization in leasehold incentives	135,629
Change in deferred inflows of resources	2,118,268
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Rent expense	(318,787)
Compensated absences	(11,085)
Change in net position of governmental activities	\$ 25,216,286

The notes to the basic financial statements are an integral part of this statement.

SAN FRANCISCO COUNTY TRANSPORTATION AGENCY

Statement of Fiduciary Assets and Liabilities
Owner-Controlled Insurance Program Agency Fund

June 30, 2014

Assets:

Deposits with escrow agent	<u>\$ 1,335,738</u>
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Liabilities:

Due to City and County of San Francisco	<u>\$ 1,335,738</u>
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The notes to the basic financial statements are an integral part of this statement.

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SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to the Basic Financial Statements

For the Year Ended June 30, 2014

NOTE 1 - REPORTING ENTITY AND BACKGROUND

The San Francisco County Transportation Authority (Transportation Authority) was created in 1989 by a vote of the San Francisco electorate. The vote approved Proposition B, which imposed a sales tax of one-half of one percent (0.5%), for a period not to exceed 20 years, to fund essential transportation projects. The types of projects to be funded with the proceeds from the sales tax were set forth in the San Francisco County Transportation Expenditure Plan (the Plan), which was approved as part of Proposition B. The Transportation Authority was organized pursuant to Sections 131000 et seq. of the Public Utilities Code. Collection of the voter-approved sales tax began on April 1, 1990.

The Transportation Authority has its own governing board consisting of the eleven members of the Board of Supervisors of the City and County of San Francisco (the City) acting as the Board of Commissioners of the Transportation Authority (the Board). Pursuant to Governmental Accounting Standards Board (GASB) standards, the financial statements of the Transportation Authority are included in the City's basic financial statements. Nonetheless, the Transportation Authority is governed by an administrative code separate from that of the City's, and the agency operates as a special-purpose government agency under State law, separate and distinct from the City. The City's Mayor does not have oversight control over the Transportation Authority. The ordinance that created the Transportation Authority empowers it to independently issue debt in order to finance transportation projects in the Plan. The Transportation Authority's borrowing capacity is separate and distinct from that of the City.

(a) Sales Tax Program

The Transportation Authority was originally formed by voter approval of Proposition B on November 7, 1989, which allowed the Transportation Authority to levy a county-wide one-half of one percent sales tax (the Sales Tax), that would sunset in 2010, for transportation projects and programs geared toward improving traffic congestion in the City. On November 4, 2003, the San Francisco voters approved Proposition K with a 74.7% affirmative vote, amending the City Business and Tax Code to extend the county-wide one-half of one percent sales tax, and to replace the 1989 Proposition B Plan with a new 30-year Expenditure Plan. The new Expenditure Plan includes investments in four major categories: 1) Transit; 2) Streets and Traffic Safety (including street resurfacing, and bicycle and pedestrian improvements); 3) Paratransit services for seniors and disabled people; and 4) Transportation System Management/Strategic Initiatives (including funds for neighborhood parking management, transportation/land use coordination, and travel demand management efforts). Major capital projects to be funded by the Proposition K Expenditure Plan include: A) development of the Bus Rapid Transit and MUNI Metro Network; B) construction of the MUNI Central Subway (Third Street Light Rail Project-Phase 2); C) construction of the Caltrain Downtown Extension to a rebuilt Transbay Terminal; and D) South Approach to the Golden Gate Bridge: Doyle Drive Replacement Project (re-envisioned as the Presidio Parkway). Pursuant to the provisions of Division 12.5 of the California Public Utilities Code, the Transportation Authority Board may adopt an updated Expenditure Plan any time after 20 years from the effective date of adoption of the Proposition K Expenditure Plan but no later than the last general election in which the Proposition K Expenditure Plan is in effect. The Sales Tax would continue as long as a new or modified plan is in effect. Under Proposition K legislation, the Transportation Authority directs the use of the Sales Tax and may spend up to \$485.2 million per year and may issue up to \$1.88 billion in bonds secured by the Sales Tax.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to the Basic Financial Statements

For the Year Ended June 30, 2014

NOTE 1 - REPORTING ENTITY AND BACKGROUND (Continued)

(b) Congestion Management Agency Programs

On November 6, 1990, the Transportation Authority was designated under State law as the Congestion Management Agency (CMA) for the City. Responsibilities resulting from this designation include developing a Congestion Management Program, which provides evidence of the integration of land use, transportation programming and air quality goals; preparing a long-range countywide transportation plan to guide the City's future transportation investment decisions; monitoring and measuring traffic congestion levels in the City; measuring the performance of all modes of transportation; and developing a computerized travel demand forecasting model and supporting databases. As the CMA, the Transportation Authority is responsible for establishing the City's priorities for state and federal transportation funds and works with the Metropolitan Transportation Commission (MTC) to program those funds to San Francisco projects.

One of the Transportation Authority's responsibilities as the CMA is to develop a long-range countywide transportation plan (the San Francisco Transportation Plan, formerly known as the Countywide Transportation Plan) to guide transportation system development and investment over the next 30 years. The plan is consistent with the broader policy framework of the City's General Plan and particularly its Transportation Element. The San Francisco Transportation Plan further develops and implements the City's General Plan principles, by identifying needed transportation system improvements based on technical review of system performance; extensive public and agency input on key issues and needs; and analysis of policies, financial opportunities and constraints. In December 2013, the Transportation Authority Board adopted the first update to the plan.

Major programs and projects under the CMA include:

Surface Transportation Program (STP) – In September 1992, the MTC began programming Federal STP funds to CMAs in the Bay Area. In turn, the Transportation Authority is responsible for certain planning and programming activities, work tasks and products, that support MTC's overall work program.

Program, Planning and Monitoring (PPM) Program – The California Transportation Commission allocated State Highway funds for project planning, programming and monitoring activities related to the development and monitoring of project implementation of the Regional Transportation Improvement Program and State Transportation Improvement Program (STIP). These activities include the development, oversight and coordination of project study reports, long range planning for future STIP needs, project programming, amendment review, project oversight and expediting STIP project delivery.

I-80/Yerba Buena Island Interchange Improvement Project and Yerba Buena Bridge Structures (collectively known as YBI Interchange Improvement Project) – The Treasure Island Development Authority (TIDA) has requested that the Transportation Authority, in its capacity as the CMA, be the lead agency for the YBI Interchange Improvement Project. Since 2009, the Transportation Authority has been working jointly with TIDA, the Mayor's Office of Economic and Workforce Development (OEWD) and the California Department of Transportation (Caltrans) in securing the approval of an Environmental Impact Report/Environmental Impact Statement (EIR/EIS) for the project. Caltrans issued the Federal Record of Decision in November 2011. The Final EIR/EIS was certified by the Transportation Authority Board in December 2011. The Transportation Authority completed preparation of the Final Plans, Specifications, and Estimate documents for the project in March 2013. To minimize the construction cost and complexity of delivering the project, the Project Development Team (PDT) consisting of members

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to the Basic Financial Statements

For the Year Ended June 30, 2014

NOTE 1 - REPORTING ENTITY AND BACKGROUND (Continued)

from Caltrans, the Federal Highway Administration (FHWA), U.S. Coast Guard, TIDA and the Transportation Authority are coordinating construction of the YBI Interchange Improvement Project with the construction of the new Eastern Span of the San Francisco Bay Bridge. Construction of the YBI Interchange Improvement Project started in January 2014 with completion anticipated by mid-2016.

(c) Transportation Fund for Clean Air (TFCA) Program

On June 15, 2002, the Transportation Authority was designated to act as the overall program manager for the local guarantee (40%) share of transportation funds available through the TFCA program. Funds from this program, administered by the Bay Area Air Quality Management District (BAAQMD) come from a \$4 vehicle registration fee on automobiles registered in the Bay Area. Through this program, the Transportation Authority recommends projects that benefit air quality by reducing motor vehicle emissions.

(d) Proposition AA (Prop AA) Administrator of County Vehicle Registration Fee

On November 2, 2010, San Francisco voters approved Prop AA with a 59.6% affirmative vote, authorizing the Transportation Authority to collect an additional \$10 annual vehicle registration fee on motor vehicles registered in San Francisco and to use the proceeds to fund transportation projects identified in the Expenditure Plan. Revenue collection began in May 2011.

Prop AA revenues must be used to fund projects from the following three programmatic categories. The percentage allocation of revenues designated for each category over the 30-year Expenditure Plan period is shown in parenthesis following the category name.

- Street Repair and Reconstruction (50%) – giving priority to streets with bicycle and transit networks and to projects that include complete streets elements such as curb ramps, bicycle infrastructure, pedestrian improvements, and other measures to slow or reduce traffic.
- Pedestrian Safety (25%) - including crosswalk improvements, sidewalk repair or upgrade, and pedestrian countdown signals and lighting.
- Transit Reliability and Mobility Improvements (25%) – including transit stop improvements, consolidation and relocation; transit signal priority; traffic signal upgrades; travel information improvements; and parking management projects.

In December 2012, the Transportation Authority Board approved the first Prop AA Strategic Plan, including the specific projects that could be funded within the first five years (i.e., Fiscal Years 2012/13 to 2016/17). The Prop AA program is a pay-as-you-go program. The Transportation Authority can use up to 5% of the funds for administrative costs.

(e) Treasure Island Mobility Management Authority (TIMMA)

The Treasure Island Transportation Management Act of 2008 (AB 981) authorizes the creation or designation of a Treasure Island-specific transportation management agency. On April 1, 2014, the City's Board of Supervisors approved a resolution designating the Transportation Authority as the Treasure Island Mobility Management Agency (TIMMA) to implement the Treasure Island Transportation Implementation Plan in support of the Treasure Island/Yerba Buena Island Development Project. In Fiscal Year 2013/14, TIMMA is reported with the Congestion Management Agency Programs. The Transportation Authority will present TIMMA as a separate fund in Fiscal Year 2014/15.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to the Basic Financial Statements

For the Year Ended June 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

Government-wide Financial Statements – The statement of net position and statement of activities display information about the Transportation Authority. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are normally supported by taxes, grants, and other revenues.

The statement of activities presents a comparison between direct expenses and program revenues. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Fund Financial Statements – The fund financial statements provide information about the Transportation Authority's funds. The Transportation Authority reports activities of each of its four programs – *Sales Tax Program*; *Congestion Management Agency Programs*, *Transportation Fund for Clean Air Program* and *Vehicle Registration Fee for Transportation Improvements Program* – as major funds. In addition, the Transportation Authority reports an agency fund to account for assets held as an agent for the San Francisco Municipal Railway's (MUNI) Owner-Controlled Insurance Program (OCIP) for the Third Street Light Rail Project.

(b) Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus. The government-wide and the agency fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Transportation Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include sales taxes, vehicle registration fees and grants. On an accrual basis, revenues from sales taxes and vehicle registration fees are recognized in the fiscal year for which the underlying exchange transactions occur. Revenues from grants are recognized in the fiscal year in which all eligibility requirements have been satisfied. This differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Sales taxes, vehicle registration fees, interest, and grants are accrued when their receipt occurs within 90 days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to the Basic Financial Statements

For the Year Ended June 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

During the year ended June 30, 2014, the Transportation Authority adopted a new revenue recognition policy, and changed the availability period from 120 days to 90 days. The new policy more closely reflects the use of current resources to pay liabilities of the current period. The adoption of the new accounting principle resulted in a reduction in revenues by \$1.2 million and \$0.4 million in the Congestion Management Agency Programs fund and the Transportation Fund for Clean Air Program fund, respectively, for the year ended June 30, 2014.

Under the terms of grant agreements, the Transportation Authority funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the Transportation Authority's policy to first apply restricted cost-reimbursement grant resources to such programs and then unrestricted general revenues.

(c) Investments

The Transportation Authority records investment transactions on the trade date. Investments are reported at fair value. Fair value is defined as the amount that the Transportation Authority could reasonably expect to receive for an investment in a current sale between a willing buyer and seller, and is generally measured by quoted market prices.

(d) Restricted Investments

Restricted investments are maintained with the trustee of the commercial paper notes for debt service.

(e) Sales Tax Revenue and Receivables

The Transportation Authority recognizes taxpayer-assessed revenues, net of estimated refunds, in the accounting period in which they become susceptible to accrual, which means when the revenues become both measurable and available to finance expenditures of the current fiscal period.

Sales tax receivables represent sales tax receipts in the three months subsequent to the Transportation Authority's fiscal year-end relating to the prior year's sales activity. The Transportation Authority has contracted with the California State Board of Equalization for collection and distribution of the sales tax. The Board of Equalization receives an administrative fee for providing this service. The Transportation Authority records sales tax revenues net of such fees.

(f) Vehicle Registration Fees and Receivables

The Transportation Authority recognizes vehicle registration fees in the accounting period in which they become susceptible to accrual, which means when the revenues become both measurable and available to finance expenditures of the current fiscal period.

Vehicle registration fees receivables represent vehicle registration fee receipts in the three months subsequent to the Transportation Authority's fiscal year-end relating to the prior year's registration activity. The Transportation Authority has contracted with the California Department of Motor Vehicles for collection and distribution of the vehicle registration fees. The Department of Motor Vehicles receives an administrative fee for providing this service. The Transportation Authority records vehicle registration fee revenues net of such fees.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to the Basic Financial Statements

For the Year Ended June 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Capital Assets

Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. The Transportation Authority capitalizes assets with a purchase price of \$5,000 and above. Capital assets used in operations are depreciated using the straight-line method over their estimated useful lives in the government-wide financial statements.

The estimated useful lives are as follows:

Leasehold improvements	13 years
Furniture	5 years
Computer equipment	3 years

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its life is not capitalized. For the government-wide statements, improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

(h) Compensated Absences

The Transportation Authority reports compensated absences for accrued vacation, compensatory time-off and floating holidays. Transportation Authority employees have a vested interest in accrued compensated absences and the time will eventually either be used or paid by the Transportation Authority. Generally, employees earn and use their current compensated absence hours with a small portion being accrued or unused each year. As this occurs, the Transportation Authority incurs an obligation to pay for these unused hours. This liability is recorded in the government-wide statement of net position to reflect the Transportation Authority's obligation to fund such costs from future operations. A liability is recorded in the governmental funds balance sheet when it is due and payable. Sick leave benefits do not vest and no liability is recorded. At June 30, 2014, the Transportation Authority recognized a compensated absences liability in the amount of \$620,906 and during the year ended June 30, 2014, the Transportation Authority expended \$384,985 in compensated absences.

(i) Effects of New Pronouncements

During the year ended June 30, 2014, the Transportation Authority implemented the following GASB Statements:

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify certain items (that were previously reported as assets and liabilities) as deferred outflows of resources or deferred inflows of resources, and recognizes certain items (that were previously reported as assets and liabilities) as outflows of resources or inflows of resources. The Transportation Authority implemented this statement during the year ended June 30, 2014 and reclassified amounts previously reported as a liability in the governmental funds to a deferred inflows of resources. As of June 30, 2014, the Transportation Authority reported \$1,871,497, \$6,234,321 and \$371,237 as deferred inflows of resources in the Sales Tax Program fund, Congestion Management Agency Programs fund and Transportation Fund for Clean Air Program fund, respectively, for program receivables that are not expected to be collected within the Transportation Authority's availability period.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to the Basic Financial Statements

For the Year Ended June 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- GASB Statement No. 66, *Technical Corrections – 2012 – an amendment to GASB Statements No. 10 and No. 62*, resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. This statement amends Statement No. 10, *Codification of Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state and local government’s risk financing activities to the general fund and the internal service fund type. This statement also amends Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. This statement did not have a significant impact to the Transportation Authority’s financial statements.

- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, improves accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This statement also requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities and 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 statement did not have a significant impact to the Transportation Authority’s financial statements.

The Transportation Authority is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

- In June 2012, the GASB issued a new standard, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment to GASB No. 27*, to improve the guidance for accounting for and reporting on the pensions that governments provide to their employees.

Key changes include:

- Separating how the accounting and financial reporting is determined from how pensions are funded.
- Incorporating ad hoc cost-of-living adjustments and other ad hoc postemployment benefit changes into projections of benefit payments, if an employer’s past practice and future expectations of granting them indicate they are essentially automatic.
- Using a discount rate that applies (a) the expected long-term rate of return on pension plan investments for which plan assets are expected to be available to make projected benefit payments, and (b) the interest rate on a tax-exempt 20-year AA or higher rated municipal bond index to projected benefit payments for which plan assets are not expected to be available for long-term investment in a qualified trust.
- Adopting a single actuarial cost allocation method – entry age normal – rather than the current choice among six actuarial cost methods.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Recording of a liability in the financial statements of employers for defined-benefit plans.
- Requiring more extensive note disclosures and required supplementary information.

The statement relates to accounting and financial reporting and does not apply to how governments approach the funding of their pension plans. At present, there generally is a close connection between the ways many governments fund pensions and how they account for and report information about them in audited financial reports. Application of this statement is effective for the Transportation Authority's year ending June 30, 2015.

- In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement is intended to improve accounting and financial reporting for state and local governments' combinations and disposals of government operations. This statement provides guidance determining whether a specific government combination is a government merger, a government acquisition, or a transfer of operations; using carrying values (generally, the amounts recognized in the pre-combination financial statements of the combining governments or operations) to measure the assets, deferred outflows of resources, liabilities, and deferred inflows of resources combined in a government merger or transfer of operations; measuring acquired assets, deferred outflows of resources, liabilities, and deferred inflows of resources based upon their acquisition values in a government acquisition; and reporting the disposal of government operations that have been transferred or sold. Application of this statement is effective for the Transportation Authority's year ending June 30, 2015.
- In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, which resolves transition issues in GASB Statement No. 68. This statement eliminates a potential source of understatement of restated beginning net position and expense in a government's first year of implementing GASB Statement 68. This statement requires that when a state or local government is transitioning to the new pension standards, that it recognize a beginning deferred outflow of resources for its pension contributions made during the time between the measurement date of the beginning net pension liability and the beginning of the initial fiscal year of implementation. This amount will be recognized regardless of whether it is practical to determine the beginning amounts of all other deferred outflows of resources and deferred inflows of resources related to pensions. Application of this statement is effective for the Transportation Authority's year ending June 30, 2015.

(j) Fund Equity/Net Position

In the government-wide statements, equity is classified as net position and displayed in three components:

Net investment in capital assets – consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Transportation Authority currently does not have any outstanding notes or other borrowings that are attributable to capital assets.

Restricted net position – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – all other net position that does not meet the definition of “Restricted” or “Net investment in capital assets.”

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to the Basic Financial Statements

For the Year Ended June 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the Transportation Authority is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2014, fund balances for governmental funds are classified as follow:

Nonspendable Fund Balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.

Restricted Fund Balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the Transportation Authority’s highest level of decision-making authority, the Transportation Authority’s Board. Commitments may be changed or lifted only by the Transportation Authority taking the same formal action that imposed the constraint originally.

Assigned Fund Balance – includes amounts intended to be used by the Transportation Authority for specific purposes that are neither restricted nor committed. Intent is expressed by the Board of Commissioners or official to which the Board of Commissioners has delegated the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance – is the residual classification for the Sales Tax Program (general operating fund) and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

The sales tax program fund had a negative fund balance of \$56,173,557 as of June 30, 2014. This condition, as well as the negative net position, exists because the Transportation Authority uses debt financing to accelerate the delivery – for earlier benefits to the traveling public – of sales tax funded projects that are owned and operated by other agencies. The negative fund balance will be covered as future sales tax revenues are realized.

(k) Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to the Basic Financial Statements

For the Year Ended June 30, 2014

NOTE 3 - CASH AND INVESTMENTS

(a) Custodial Credit Risk

Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Transportation Authority's deposits may not be returned to it. The Transportation Authority does not have a policy for custodial credit risk on deposits. As of June 30, 2014, the carrying amount of the Transportation Authority's deposits was \$17,695,946 and the bank balance was \$18,386,401. The difference between the bank balance and the carrying amount represents outstanding checks. Of the bank balance, \$750,000 was covered by federal depository insurance and \$17,636,401 was collateralized by the pledging financial institutions as required by Section 53652 of the California Government Code.

Under the California Government Code, a financial institution is required to secure deposits in excess of Federal Deposit Insurance Corporation limits made by state or local government units by pledging securities held in the form of an undivided collateral pool. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The collateral must be held at the pledging bank's trust department or other bank, acting as the pledging bank's agent, in the public agency's name.

Investments - For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Transportation Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Transportation Authority does not have a policy regarding custodial credit risk on investments. As of June 30, 2014, the Transportation Authority's investments are not exposed to custodial credit risk.

(b) Investments Authorized by the Transportation Authority's Investment Policy

The table below identifies the investment types that are authorized for the Transportation Authority by the California Government Code 53601 or the Transportation Authority's Investment Policy, where the policy is more restrictive. The Transportation Authority's Investment Policy is more restrictive than the California Government Code in the area of reverse repurchase agreements, which are not allowed, and certificates of deposits, which must be in financial institutions located in California and may not exceed 10% of the Transportation Authority's portfolio.

The table also identifies certain provisions of the California Government Code that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by fiscal agents that are governed by the provisions of debt agreements of the Transportation Authority, rather than the general provisions of the California Government Code or the Transportation Authority's Investment Policy.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to the Basic Financial Statements

For the Year Ended June 30, 2014

NOTE 3 - CASH AND INVESTMENTS (Continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of Portfolio*</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury Notes, Bonds, or Bills	5 Years	None	None
Federal Agency or U.S. Government Sponsored Enterprise Obligations	5 Years	None	None
Repurchase Agreements	1 Year	None	None
State of California Obligations or any local agency within the State	5 Years	None	None
Notes or Bonds of Other U.S. States	5 Years	None	None
Bankers' Acceptances	180 Days	40%	30%
Commercial Paper	270 Days	25%	10%
Medium-Term Notes	5 Years	30%	None
FDIC Insured and Fully Collateralized Certificates of Deposit**	1 Year	10%	None
Negotiable Certificates of Deposits	5 Years	30%	None
State of California Local Agency Investment Fund (LAIF)	N/A	None	None
California Asset Management Program	N/A	None	None
Insured Savings and Money Market Accounts	N/A	None	None
City and County of San Francisco Treasury Pool	N/A	None	None
Shares of Beneficial Interest (Money Market Funds)	N/A	20%	10%

* Excludes amounts held by fiscal agents that are not subject to California Government Code restrictions.

** More restrictive than the California Government Code.

Investments Authorized by the Indenture Agreement

<u>Authorized Investment Type</u>
U.S. Treasury Notes, Bonds, or Bills
U.S. Treasury Obligations
Federal Agency or U.S. Government Sponsored Enterprise Obligations
Housing Authority Bonds
State Obligations
Corporate Bonds, Notes, and Other Debentures
Demand or Time Deposits
Taxable and Tax-Exempt Commercial Paper
Certificates of Deposit
Negotiable Certificates of Deposits
Variable Rate Obligations
Repurchase Agreements
Investment Agreements
Shares of Beneficial Interest (Money Market Mutual Funds)
City and County of San Francisco Treasury Pool

Investments with fiscal agent are composed of debt service reserves for principal and interest debt service payments that have not yet occurred as of the financial statement date, and associated interest earnings held by the fiscal agent. Under the Transportation Authority's commercial paper note program, the sales tax revenues distributed by the California State Board of Equalization flow directly to the fiscal agent for repayment of the principal and interest on the notes before going to the Transportation Authority for operations.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to the Basic Financial Statements

For the Year Ended June 30, 2014

NOTE 3 - CASH AND INVESTMENTS (Continued)

The following is a summary of the Transportation Authority's investments at June 30, 2014:

	Fair Value	Investment (Maturities in Years)		Credit Ratings (Standard & Poor's)
		Less than 1	1-5	
Deposits and investments with City Treasury Pool	\$ 52,944,541	\$ -	\$ 52,944,541	Not rated
Money Market Mutual Fund	342,674	342,674	-	AAAm
Total investments	<u>\$ 53,287,215</u>	<u>\$ 342,674</u>	<u>\$ 52,944,541</u>	

The Transportation Authority maintains deposits and investments with the City and County of San Francisco Treasury Pool (Pool). As of June 30, 2014, the Transportation Authority's deposits and investments in the Pool is approximately \$52.9 million and the total amount invested by all public agencies in the Pool is approximately \$6 billion. The Transportation Authority's investment in the Pool has a weighted average maturity of 1.9 years. The City's Treasurer Oversight Committee (Committee) has oversight responsibility for the Pool. The value of the Transportation Authority's shares in the Pool, which may be withdrawn, is based on the book value of the Transportation Authority's percentage participation, which is different than the fair value of the Transportation Authority's percentage participation in the Pool. At June 30, 2014, the Pool consists of U.S. government and agency securities, state and local government agency obligations, negotiable certificates of deposit, medium term notes, and public time deposits as authorized by State statutes and the City's investment policy. Additional information regarding deposit, investment risks (such as interest rate, credit, and concentration of credit risks) may be obtained by contacting the City's Controller's Office, 1 Dr. Carlton B. Goodlett Place, Room 316, San Francisco, CA 94102.

NOTE 4 - INTERFUND TRANSACTIONS

Due to/Due from

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

	Payable to:			Total
	Congestion Management Agency	Transportation Fund for Clean Air Program	Vehicle Registration Fee for Transportation Improvement Program	
<u>Receivable from:</u> Sales Tax Program	<u>\$ 4,332,109</u>	<u>\$ 418,926</u>	<u>\$ 79,931</u>	<u>\$ 4,830,966</u>

The outstanding receivables from the Sales Tax Program result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to the Basic Financial Statements

For the Year Ended June 30, 2014

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

Transfers

During the fiscal year, the Congestion Management Agency Programs received a subsidy transfer of \$8,849,095 in Sales Tax Program funds. This subsidy was authorized through the Board-approved Proposition K Strategic Plan and the annual budget approval process.

NOTE 5 - CAPITAL ASSETS

The capital asset activity for the year ended June 30, 2014, is as follows:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Retirement</u>	<u>Balance</u> <u>June 30, 2014</u>
Capital assets, being depreciated:				
Leasehold improvements	\$ 2,992,404	\$ 31,220	\$ -	\$ 3,023,624
Furniture and equipment	770,577	164,001	(25,554)	909,024
Total capital assets, being depreciated	<u>3,762,981</u>	<u>195,221</u>	<u>(25,554)</u>	<u>3,932,648</u>
Less accumulated depreciation for:				
Leasehold improvements	230,185	231,542	-	461,727
Furniture and equipment	524,906	167,046	(25,554)	666,398
Total accumulated depreciation	<u>755,091</u>	<u>398,588</u>	<u>(25,554)</u>	<u>1,128,125</u>
Total capital assets, net	<u>\$ 3,007,890</u>	<u>\$ (203,367)</u>	<u>\$ -</u>	<u>\$ 2,804,523</u>

Depreciation expense for the current year amounted to \$398,588.

NOTE 6 – TRANSACTIONS WITH THE CITY AND COUNTY OF SAN FRANCISCO

Receivables from the City and County of San Francisco consist of the following at June 30, 2014:

<u>Receivables from the following City Department/Agency</u>	<u>Purpose</u>	<u>Total</u>
Planning Department	Transportation Sustainability Project and Travel Demand Modeling Assistance	\$ 23,521
Office of Community Investment and Infrastructure	Folsom Street Off-Ramp Realignment Project	160,725
Treasure Island Development Authority	Treasure Island Transportation Implementation Plan Yerba Buena Island Ramps Improvement Project	199,872 147,703
		<u>347,575</u>
Total receivables from the City and County of San Francisco		<u>\$ 531,821</u>

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

**NOTE 6 – TRANSACTIONS WITH THE
CITY AND COUNTY OF SAN FRANCISCO (Continued)**

Payables to the City and County of San Francisco consist of the following at June 30, 2014:

<u>Payables to the following City Department</u>	<u>Purpose</u>	<u>Total</u>
Department of Environment	Clean Air Programs	\$ 202,465
Department of Public Works	Street Resurfacing	200,124
Municipal Transportation Agency:		
Department of Parking & Traffic	Bicycle Circulation/Safety	\$ 66,848
	Clean Air Programs	110,986
	New Signals and Signs	1,146,408
	Pedestrian Circulation/Safety	224,112
	Pedestrian Safety	947,908
	Rapid Bus Network including Real Time Transit Information	9,786
	Traffic Calming	383,925
	Transportation Demand Management	14,700
		<u>2,904,673</u>
Municipal Railway	Balboa Park BART/Muni Station Access Improvements	33,848
	Central Subway	1,428,751
	Guideways	735,128
	Rehabilitation, Upgrade and Replacement of Existing Facilities	562,791
	Transit Vehicle Replacement and Renovation	637,287
	Transportation/Land Use Coordination	2,993
	Transportation Studies	11,549
		<u>3,412,347</u>
		6,317,020
Office of Economic and Workforce Development	Workforce Development for Presidio Parkway	150,332
Total payable to the City and County of San Francisco		<u>\$ 6,869,941</u>

The Transportation Authority reimbursed the City and County of San Francisco for the following transportation and capital program expenditures made on its behalf during the year ended June 30, 2014:

<u>Expenditures incurred by the following City Department</u>	<u>Total</u>
Department of Environment	\$ 533,141
Department of Public Works	7,953,667
Municipal Transportation Agency	44,343,947
Office of Economic and Workforce Development	200,099
Planning Department	6,013
Port of San Francisco	66,207
Total expenditures incurred by the City and County of San Francisco	<u>\$ 53,103,074</u>

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to the Basic Financial Statements

For the Year Ended June 30, 2014

**NOTE 6 – TRANSACTIONS WITH THE
CITY AND COUNTY OF SAN FRANCISCO (Continued)**

During Fiscal Year 2013/14, the Transportation Authority incurred capital expenditures of \$53.1 million, which were paid to departments within the City, of which \$44.3 million was expended on SFMTA projects. SFMTA projects include \$33.7 million on the Central Subway and Computer-Aided Dispatch Replacement projects and the Central Control and Communications Program and \$10.6 million on various transit and street maintenance improvements and pedestrian and bicycle projects.

NOTE 7 - COMMERCIAL PAPER NOTES

In April 2004, the Transportation Authority issued an initial tranche of \$50,000,000 and in September 2004 the Transportation Authority issued the second tranche of \$100,000,000 of a programmed \$200,000,000 aggregate principal amount of commercial paper notes (Limited Tax Bonds), Series A and B. The commercial paper notes are issued to provide a source of financing for the Transportation Authority's voter-approved Proposition K Expenditure Plan. Under this program, the Transportation Authority is able to issue commercial paper notes at prevailing interest rates not to exceed 12% per annum. The maximum maturity of the commercial paper notes is 270 days. On July 10, 2012, the Transportation Authority entered into a three-year credit and liquidity facility with Wells Fargo Bank, National Association, in an amount equal to \$217,753,425. The credit facility will expire on July 10, 2015 and has a fee of 45 basis points of the annual maximum debt service amount. The commercial paper notes are secured by a first lien gross pledge of the Transportation Authority's sales tax. The principal and interest on the commercial paper notes is payable at each maturity.

During the year ended June 30, 2014, the Authority redeemed \$15,000,000 in commercial paper notes. As of June 30, 2014, \$135,000,000 in commercial paper notes was outstanding, with a weighted average maturity of 104 to 139 days after year-end, with interest rates at 0.08% and 0.09%, respectively. For the year ended June 30, 2014, the Transportation Authority paid \$993,500 to Wells Fargo Bank in line of credit fees.

NOTE 8 - PUBLIC EMPLOYEES' RETIREMENT PLAN

Plan Description

All full-time and certain other qualifying employees of the Transportation Authority are eligible to participate in the Public Employees' Retirement Fund (the Fund) of the State of California's Public Employees' Retirement System (CALPERS). CALPERS acts as a common investment and administrative agent for various local and state governmental agencies within the State of California. The Transportation Authority's retirement plan is under the CALPERS Miscellaneous 2% at 55 Risk Pool for classic employees (employees hired before January 1, 2013 or employees hired after January 1, 2013 and have been in the CALPERS system) and 2% at 62 Risk Pool for new members (employees hired after January 1, 2013 and are new entrants to the CALPERS system), cost-sharing multiple employer plans. The Fund provides retirement, disability and death benefits based on the employee's years of service, age and final compensation. Employees vest after five years of service. Benefit provisions and other requirements are established by State statute and by Transportation Authority resolution. CALPERS issues a separate comprehensive annual financial report, copies of which may be obtained from the CALPERS Executive Offices, Lincoln Plaza East, 400 Q Street, Sacramento, California 95814.

Funding Policy

Active plan members have an obligation to contribute a percentage of their annual covered salary to the Fund. For classic employees, the Transportation Authority contributes the 7% employee portion on behalf of its employees. For new members, employees pay the 6.25% employee contribution.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to the Basic Financial Statements

For the Year Ended June 30, 2014

NOTE 8 - PUBLIC EMPLOYEES' RETIREMENT PLAN
CITY AND COUNTY OF SAN FRANCISCO (Continued)

The Transportation Authority is required to contribute the actuarially determined remaining amounts necessary to fund the 2% at age 55 retirement plan benefits for its classic members and 2% at 62 retirement plan benefits for its new members under the California Employees' Pension Reform Act (PEPRA) provisions. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the year ended June 30, 2014 was 11.38% and 6.25%, for classic and new members, respectively. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CALPERS. The Transportation Authority's contributions to CALPERS for the years ended June 30, 2014, 2013, and 2012, were \$365,402, \$351,952; and \$349,720, respectively, equal to the required contributions for each year.

NOTE 9 - POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

The Transportation Authority's defined benefit postemployment healthcare plan provides healthcare benefits to eligible employees and their surviving spouses. Employees become eligible to retire and receive healthcare benefits upon reaching the age of 50 and meeting program vesting requirements, or being converted to disability status, and retiring directly from the Transportation Authority. Dental and vision benefits are not available to retirees.

The Transportation Authority is a contracting agency under the Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by CALPERS for the provision of healthcare insurance programs for both active and retired employees. The Transportation Authority participates in the California Employers' Retiree Benefit Trust Fund Program (CERBT), an agent-multiple employer postemployment health plan, to prefund other postemployment benefits through CALPERS. The financial statements for CERBT may be obtained by writing the California Public Employees' Retirement System, Constituent Relations Office, CERBT (OPEB), P.O. Box 242709, Sacramento, California 94229-2709 or by calling 888-225-7377.

Funding Policy

The contribution requirements of plan members and the Transportation Authority are established and may be amended by the Board. As of June 30, 2014, the Transportation Authority contributed \$138,400, or 100%, of the annual required contribution (ARC) to the CERBT.

The Transportation Authority is required to contribute the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 4.25% of annual covered payroll and was based on the June 30, 2013 actuarial valuation.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to the Basic Financial Statements

For the Year Ended June 30, 2014

NOTE 9 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Annual OPEB Cost

As of June 30, 2014, the Transportation Authority's annual other postemployment benefit (OPEB) expense of \$138,400 was equal to the ARC. The following table represents annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation.

Fiscal Year Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	\$ 158,000	100%	\$ -
6/30/2013	163,000	100%	-
6/30/2014	138,400	100%	-

Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial value of plan assets	\$ 759,600
Actuarial accrued liability	1,124,100
Unfunded actuarial accrued liability (UAAL)	<u>\$ 364,500</u>
Funded ratio (actuarial value of plan assets/AAL)	67.6%
Covered payroll (active plan members)	\$ 3,253,400
UAAL as a percentage of covered payroll	11.2%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of certain events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. 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, 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.

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 to that point. The actuarial methods and assumptions used include techniques that are 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.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to the Basic Financial Statements

For the Year Ended June 30, 2014

NOTE 9 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

In the June 30, 2013 actuarial valuation, the entry age normal actuarial cost method was used. Under this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percent of expected salary for each year of employment between entry age (age of hire) and assumed exit (maximum retirement age). The actuarial assumptions assume an investment rate of 7.25% representing the long-term rate of investment return on investments with CERBT of 7.61%, net a 0.36% margin for adverse deviations. The assumed annual healthcare trend rates for non-Medicare benefits started at 19.25%, then grades down to 7.50% in plan year starting July 1, 2014 to an ultimate rate of 4.50% by plan year beginning July 1, 2026. The assumed annual healthcare trend rates for Medicare benefits were 4.75% in each of the first two years, then 4.50% per year thereafter. All discount and trend rates included an assumed 3.0% general inflation assumption. The actuarial value of CERBT assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. CERBT's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis using an assumed aggregate payroll increase of 3.25% per year and a static 20-year period beginning Fiscal Year 2013/14

NOTE 10 - OPERATING LEASES

The Transportation Authority leases its office space under an operating lease agreement. On December 9, 2011, the Transportation Authority executed a 13-year workspace lease for its new office located at 1455 Market Street, with a 5-year extension option. The term of the lease commenced on July 1, 2012 and expires on June 30, 2025. Under the lease agreement, the landlord granted the Transportation Authority a rent abatement totaling \$522,112 for the period July 1, 2012 through November 30, 2012 and from July 1, 2013 through October 31, 2013 and provided a leasehold allowance credit in the amount of \$1,763,180. During the year ended June 30, 2014, the Transportation Authority expended \$473,164 towards its office lease and recorded an office lease expense of \$791,754 and an amortization expense of \$135,629 on the statement of activities.

The Transportation Authority also leases its copier equipment under an operating lease agreement. The Transportation Authority entered into a 5-year lease agreement with monthly payments of \$515, plus applicable taxes, commencing on June 28, 2012. On April 22, 2014, the Transportation Authority entered into an additional 3-year lease agreement with monthly payments of \$974, plus applicable taxes. During the year ended June 30, 2014, total copier expenses were \$9,110.

The following is a schedule of future minimum lease obligations as of June 30, 2014:

Year ending June 30:	Office Lease	Copier Leases	Total
2015	\$ 734,220	\$ 17,868	\$ 752,088
2016	758,694	17,868	776,562
2017	783,168	15,920	799,088
2018	807,642	-	807,642
2019	832,116	-	832,116
2020 - 2024	4,527,690	-	4,527,690
2025	978,960	-	978,960
Total future minimum lease obligations	\$ 9,422,490	\$ 51,656	\$ 9,474,146

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to the Basic Financial Statements

For the Year Ended June 30, 2014

NOTE 11 - ADMINISTRATIVE EXPENSE LIMITATIONS

In accordance with California Public Utilities Code, Section 131107, not more than one percent of the Transportation Authority's annual net amount of revenues raised by the sales tax may be used to fund the salaries and benefits of the staff of the Transportation Authority in administering the Plan. For the year ended June 30, 2014, revenues, staff salaries and fringe benefits for administering the Plan for the Sales Tax Program were as follows:

Revenue	\$ 93,930,566
Expenditures:	
Salaries	356,595
Fringe benefits	<u>104,180</u>
Total	<u>\$ 460,775</u>
Percentage of revenue	<u>0.49%</u>

Personnel expenditures of \$3,397,116 were reported in the Sales Tax Program Fund, of which \$460,775 was related to general administration of the Plan and \$2,936,341 was related to planning and programming, which includes monitoring and oversight of Prop K funded projects.

NOTE 12 - RISK MANAGEMENT

The Transportation Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Transportation Authority manages and finances these risks by purchasing commercial insurance. There have been no significant reductions in insurance coverage from the previous year, nor have settled claims exceeded the Transportation Authority's commercial insurance coverage in any of the past three years.

NOTE 13 - OWNER-CONTROLLED INSURANCE PROGRAM

In February 2002, the Transportation Authority entered into a trust agreement with Chartis Insurance (formerly American Insurance Group) and J.P. Morgan Chase Bank, N.A. on behalf of MUNI to act as the fiduciary administrator for the aggregate deductible loss pool supporting MUNI's Third Street Light Rail Project's Owner-Controlled Insurance Program (OCIP). The Third Street Light Rail Project OCIP is an umbrella insurance program that provides commercial general liability, excess liability, workers' compensation, pollution liability and railroad liability coverage for those Third Street Light Rail Project construction contracts included in the program. The escrow account for the aggregate deductible loss pool was established for \$4,621,400 at the inception of the OCIP, and is used to pay claims as determined by the City's Office of the City Attorney, MUNI and Chartis Insurance. The Transportation Authority is acting solely as a fiduciary administrator for the escrow account, and has no responsibility for managing the OCIP claims management or settlement. As of June 30, 2014, the Transportation Authority has \$1,335,738 in escrow accounts to fund claims related to MUNI's Third Street Light Rail Project.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

(a) Commitments

The Transportation Authority's outstanding commitments totaled \$308,382,378 at June 30, 2014. This amount is comprised of \$242,008,061 in remaining capital project appropriations. Sponsors receive appropriations for the entire project (awards) but cannot be reimbursed faster than the amount allocated annually. At June 30, 2014, the Transportation Authority has \$3,005,432 and \$63,368,885 encumbered in

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to the Basic Financial Statements

For the Year Ended June 30, 2014

NOTE 14 - COMMITMENTS AND CONTINGENCIES

the Sales Tax Program and the Congestion Management Agency Programs, respectively, on various Transportation Authority contracts held with private consulting and construction companies and cooperative agreements with governmental entities.

(b) Loan Agreement with Treasure Island Development Authority

In July 2008, the Transportation Authority entered into a loan agreement with the Treasure Island Development Authority (TIDA) for the repayment of project management oversight, engineering and environmental costs for the Yerba Buena Island (YBI) Ramps Replacement Project, now known as the YBI Interchange Improvement Project. In July 2013, the Transportation Authority Board approved increasing the non-federal portion of the loan agreement with TIDA to a total amount not to exceed \$11,037,000, to complete preliminary engineering and design for the YBI Ramps Improvement Project and the YBI Bridge Structures (collectively known as the YBI Interchange Improvement Project). The total non-federal and federal loan obligation amount shall not to exceed \$18,830,000. Since August 2010, the Transportation Authority has received Federal Highway Bridge Program funding from the California Department of Transportation (Caltrans) for the preliminary and final design phases of the project. The loan agreement with TIDA will leverage the federal grant award to fulfill the local match requirement and reimburse the Transportation Authority for administrative costs.

Under the terms of the agreement, TIDA will repay the Transportation Authority for all project costs incurred by the Transportation Authority and accrued interest, less federal government reimbursements to the Transportation Authority. If the federal grant funds do not become available for some or all of the project costs, or if the federal agency disallows the Transportation Authority's reimbursement claims on some or all of the project costs, then TIDA bears the responsibility to repay the Transportation Authority for all costs incurred on the YBI Interchange Improvement Project for a total loan obligation amount not-to-exceed \$18,830,000. The repayment to the Transportation Authority may be paid by TIDA in three annual installment payments on the later of 30 days after the first close of escrow for transfer of the Naval Station Treasure Island from the Navy to TIDA or December 31, 2014. Interest shall accrue on all outstanding unpaid project costs until TIDA and federal agencies fully reimburse the Transportation Authority for all costs related to the project. Interest will be compounded quarterly, at the City Treasurer's Pooled Investment Fund rate or the Transportation Authority's borrowing rate, whichever is applicable, beginning on the date of the Transportation Authority's reimbursement claim to Caltrans until the Transportation Authority costs and all accrued interest has been repaid.

This loan is collateralized by the senior security interest in TIDA's right, title and interest in and to 1) the rents accruing under the Sublease, Development, Marketing and Property Management Agreement between TIDA and The John Stewart Company, related to the subleasing of existing residential units at the Naval Station Treasure Island; and 2) any and all other TIDA revenue, except revenue prohibited by applicable laws from being used for this purpose or is necessary for repayment of the annual amount of TIDA's pre-existing San Francisco Public Utilities Commission (SFPUC) utility obligation under the Memorandum of Understanding between TIDA and SFPUC. As of June 30, 2014, TIDA has drawn down \$10,143,433 on the loan and accrued \$463,368 in interest costs.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to the Basic Financial Statements

For the Year Ended June 30, 2014

NOTE 15 – SUBSEQUENT EVENT*State Legislates TIMMA as a separate legal entity*

Following the establishment of the Transportation Authority as the TIMMA by the San Francisco Board of Supervisors on April 1, 2014, the Transportation Authority worked with the State Assembly delegation to establish TIMMA as a separate legal entity, in order to protect the role of TIMMA from the Transportation Authority's operations and resources, particular the voter-approved Prop K and Prop AA funded programs. On September 19, 2014, Governor Brown signed AB 141 (Ammiano) into law, establishing TIMMA as a separate legal entity.

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SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
 Required Supplementary Information (Unaudited)
 Schedules of Funding Progress and Employer Contributions
 For the Year Ended June 30, 2014

Postemployment Healthcare Benefits

The Schedule of Funding Progress presented below provides a consolidated snapshot of the Transportation Authority's ability to meet current and future liabilities with the plan assets. The most recent actuarial valuation was performed as of June 30, 2013.

Actuarial Valuation Date	Actuarial Value of Assets	Accrued Liability (AAL) - Entry Age	(Excess Assets) [(B) - (A)]	Funded Ratio [(A) / (B)]	(E) Covered Payroll	of Covered Payroll [(C) / (E)]
1/1/2008	\$ -	\$ 182,000	\$ 182,000	0.0%	\$ 1,978,000	9.2%
1/1/2010	173,000	374,000	201,000	46.3%	2,858,000	7.0%
6/30/2011	405,000	671,000	266,000	60.4%	3,251,000	8.2%
6/30/2013	759,600	1,124,100	364,500	67.6%	3,253,400	11.2%

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
June 30, 2009	\$ 86,000	\$ 86,000	100.0%
June 30, 2010	110,000	110,000	100.0%
June 30, 2011	113,000	113,000	100.0%
June 30, 2012	158,000	158,000	100.0%
June 30, 2013	163,000	163,000	100.0%
June 30, 2014	138,400	138,400	100.0%

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Required Supplementary Information (Unaudited)

Budgetary Comparison Schedules

For the Year Ended June 30, 2014

	Sales Tax Program			
	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Budgetary fund balances, beginning of year	<u>\$ 73,141,679</u>	<u>\$ 73,141,679</u>	<u>\$ 73,141,679</u>	<u>\$ -</u>
Resources (inflows):				
Sales tax	88,294,414	88,294,414	93,930,566	5,636,152
Vehicle registration fee	-	-	-	-
Investment income	939,991	518,497	631,520	113,023
Program revenues:				
Federal	-	-	-	-
State	-	-	-	-
Regional and other	-	4,641,715	3,800,222	(841,493)
Proceeds from commercial paper notes	275,318,510	-	-	-
Project refunds and other revenue	2,571,750	44,400	81,398	36,998
Transfers in from other funds	-	-	-	-
Total resources	<u>367,124,665</u>	<u>93,499,026</u>	<u>98,443,706</u>	<u>4,944,680</u>
Amount available for appropriation	<u>440,266,344</u>	<u>166,640,705</u>	<u>171,585,385</u>	<u>4,944,680</u>
Charges to appropriations (outflows):				
Current - transportation and capital projects:				
Personnel expenditures	2,942,389	3,391,935	3,397,116	(5,181)
Non-personal expenditures	1,784,292	2,079,942	1,704,536	375,406
Capital project costs	210,587,000	101,897,000	60,761,426	41,135,574
Capital outlay	-	258,000	195,221	62,779
Transfers out to other funds	4,100,345	4,234,826	8,849,095	(4,614,269)
Debt service:				
Principal payment	-	15,006,000	15,000,000	6,000
Interest and fiscal charges	1,600,000	1,600,000	1,354,423	245,577
Total charges to appropriations	<u>221,014,026</u>	<u>128,467,703</u>	<u>91,261,817</u>	<u>37,205,886</u>
Budgetary fund balances, end of year	<u>\$ 219,252,318</u>	<u>\$ 38,173,002</u>	<u>\$ 80,323,568</u>	<u>\$ 42,150,566</u>

The note to required supplementary information is an integral part of these schedules.

(Continued)

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
 Required Supplementary Information (Unaudited)
 Budgetary Comparison Schedules
 For the Year Ended June 30, 2014

	Congestion Management Agency Programs			
	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Budgetary fund balances, beginning of year	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Sales tax	-	-	-	-
Vehicle registration fee	-	-	-	-
Investment income	-	-	-	-
Program revenues:				
Federal	10,503,527	11,207,649	9,497,092	(1,710,557)
State	1,208,579	1,208,579	1,280,267	71,688
Regional and other	793,250	1,304,211	513,858	(790,353)
Proceeds from commercial paper notes	-	-	-	-
Project refunds and other revenue	88,143	88,143	87,439	(704)
Transfers in from other funds	4,100,345	4,234,826	8,849,095	4,614,269
Total resources	16,693,844	18,043,408	20,227,751	2,184,343
Amount available for appropriation	16,693,844	18,043,408	20,227,751	2,184,343
Charges to appropriations (outflows):				
Current - transportation and capital projects:				
Personnel expenditures	2,485,377	2,344,755	1,694,389	650,366
Non-personal expenditures	249,499	196,999	253,286	(56,287)
Capital project costs	13,958,968	15,501,654	18,280,076	(2,778,422)
Capital outlay	-	-	-	-
Transfers out to other funds	-	-	-	-
Debt service:				
Principal payment	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total charges to appropriations	16,693,844	18,043,408	20,227,751	(2,184,343)
Budgetary fund balances, end of year	\$ -	\$ -	\$ -	\$ -

The note to required supplementary information is an integral part of these schedules.

(Continued)

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Required Supplementary Information (Unaudited)

Budgetary Comparison Schedules

For the Year Ended June 30, 2014

	Transportation Fund for Clean Air Program			
	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget Positive (Negative)
Budgetary fund balances, beginning of year	\$ 792,362	\$ 792,362	\$ 792,362	\$ -
Resources (inflows):				
Sales tax	-	-	-	-
Vehicle registration fee	-	-	-	-
Investment income	3,000	3,000	2,203	(797)
Program revenues:				
Federal	-	-	-	-
State	-	-	-	-
Regional and other	736,195	736,195	378,268	(357,927)
Proceeds from commercial paper notes	-	-	-	-
Project refunds and other revenue	-	-	-	-
Transfers in from other funds	-	-	-	-
Total resources	739,195	739,195	380,471	(358,724)
Amount available for appropriation	1,531,557	1,531,557	1,172,833	(358,724)
Charges to appropriations (outflows):				
Current - transportation and capital projects:				
Personnel expenditures	36,501	36,501	45,589	(9,088)
Non-personal expenditures	-	-	-	-
Capital project costs	1,433,954	1,223,378	370,762	852,616
Capital outlay	-	-	-	-
Transfers out to other funds	-	-	-	-
Debt service:				
Principal payment	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total charges to appropriations	1,470,455	1,259,879	416,351	843,528
Budgetary fund balances, end of year	\$ 61,102	\$ 271,678	\$ 756,482	\$ 484,804

The note to required supplementary information is an integral part of these schedules.

(Continued)

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
 Required Supplementary Information (Unaudited)
 Budgetary Comparison Schedules
 For the Year Ended June 30, 2014

	Vehicle Registration Fee for Transportation Improvements Program			Variance with Final Budget
	Original Budget	Final Budget	Budgetary Basis Actual	Positive (Negative)
Budgetary fund balances, beginning of year	\$ 9,831,471	\$ 9,831,471	\$ 9,831,471	\$ -
Resources (inflows):				
Sales tax	-	-	-	-
Vehicle registration fee	4,727,760	4,727,760	4,881,668	153,908
Investment income	5,000	5,000	3,954	(1,046)
Program revenues:				
Federal	-	-	-	-
State	-	-	-	-
Regional and other	-	-	-	-
Proceeds from commercial paper notes	-	-	-	-
Project refunds and other revenue	-	-	-	-
Transfers in from other funds	-	-	-	-
Total resources	4,732,760	4,732,760	4,885,622	152,862
Amount available for appropriation	14,564,231	14,564,231	14,717,093	152,862
Charges to appropriations (outflows):				
Current - transportation and capital projects:				
Personnel expenditures	85,568	85,568	74,614	10,954
Non-personal expenditures	150,820	150,820	27,111	123,709
Capital project costs	9,817,216	5,432,162	3,589,819	1,842,343
Capital outlay	-	-	-	-
Transfers out to other funds	-	-	-	-
Debt service:				
Principal payment	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total charges to appropriations	10,053,604	5,668,550	3,691,544	1,977,006
Budgetary fund balances, end of year	\$ 4,510,627	\$ 8,895,681	\$ 11,025,549	\$ 2,129,868

The note to required supplementary information is an integral part of these schedules.

(Continued)

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Required Supplementary Information (Unaudited)

Budgetary Comparison Schedules

For the Year Ended June 30, 2014

	Total Programs			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Budgetary Basis Actual	
Budgetary fund balances, beginning of year	<u>\$ 83,765,512</u>	<u>\$ 83,765,512</u>	<u>\$ 83,765,512</u>	<u>\$ -</u>
Resources (inflows):				
Sales tax	88,294,414	88,294,414	93,930,566	5,636,152
Vehicle registration fee	4,727,760	4,727,760	4,881,668	153,908
Investment income	947,991	526,497	637,677	111,180
Program revenues:				
Federal	10,503,527	11,207,649	9,497,092	(1,710,557)
State	1,208,579	1,208,579	1,280,267	71,688
Regional and other	1,529,445	6,682,121	4,692,348	(1,989,773)
Proceeds from commercial paper notes	275,318,510	-	-	-
Project refunds and other revenue	2,659,893	132,543	168,837	36,294
Transfers in from other funds	4,100,345	4,234,826	8,849,095	4,614,269
Total resources	<u>389,290,464</u>	<u>117,014,389</u>	<u>123,937,550</u>	<u>6,923,161</u>
Amount available for appropriation	<u>473,055,976</u>	<u>200,779,901</u>	<u>207,703,062</u>	<u>6,923,161</u>
Charges to appropriations (outflows):				
Current - transportation and capital projects:				
Personnel expenditures	5,549,835	5,858,759	5,211,708	647,051
Non-personal expenditures	2,184,611	2,427,761	1,984,933	442,828
Capital project costs	235,797,138	124,054,194	83,002,083	41,052,111
Capital outlay	-	258,000	195,221	62,779
Transfers out to other funds	4,100,345	4,234,826	8,849,095	(4,614,269)
Debt service:				
Principal payment	-	15,006,000	15,000,000	6,000
Interest and fiscal charges	1,600,000	1,600,000	1,354,423	245,577
Total charges to appropriations	<u>249,231,929</u>	<u>153,439,540</u>	<u>115,597,463</u>	<u>37,842,077</u>
Budgetary fund balances, end of year	<u>\$ 223,824,047</u>	<u>\$ 47,340,361</u>	<u>\$ 92,105,599</u>	<u>\$ 44,765,238</u>

Explanation of Differences between Budgetary fund balances and GAAP fund balances

The proceeds from the issuance of commercial paper notes are inflows of budgetary resources but are not revenues for financial reporting purposes.	(150,000,000)
The payment of principal on the commercial paper notes are outflows of budgetary resources but are not expenditures for financial reporting purposes.	15,000,000
Prior year deobligations from transportation project and programs and other budgetary adjustments are inflows.	(11,603,407)
Prior year payments on the Yerba Buena Island Ramps Project/TIDA loan are outflows of budgetary resources but are not expenditures for financial reporting purposes.	9,950,741
Current year payments on the Yerba Buena Island Ramps Project/TIDA loan are outflows of budgetary resources but are not expenditures for financial reporting purposes.	155,541
	<u>\$ (44,391,526)</u>

The note to required supplementary information is an integral part of these schedules.

(Concluded)

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
Note to Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2014

Budgets and Budgetary Data

Comparisons with financial results for the current fiscal period for all the funds are presented as required supplementary information and include, in addition to actual expenditures, amounts that have been appropriated for projects and programs. Unexpended capital budget appropriations are carried forward to subsequent years. The budget represents a process through which policy decisions are made, implemented and controlled. Appropriations may be adjusted during the year with the approval of the Transportation Authority. Accordingly, the legal level of budgetary control by the Transportation Authority is the program (fund) level. The Transportation Authority utilizes an encumbrance system as a management control technique to assist in controlling expenditures.

The budgetary process is based upon accounting for certain transactions on a basis other than accounting principles generally accepted in the United States (GAAP). The results of operations are presented in the budget-to-actual comparison schedule in accordance with the budgetary process (Budgetary Basis) to provide a meaningful comparison with the budget.

The main differences between Budgetary Basis “actual” and GAAP basis are the recognition of the following: (1) commercial paper note proceeds as a source of revenue and payments as a use of resources while for GAAP purposes the commercial paper note balances were recognized as a liability in the Sales Tax Program Fund, and (2) the payments and repayments on the loans are outflows and inflows of budgetary resources but are assets and not revenues for financial reporting purposes.

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**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards***

Board of Commissioners
 San Francisco County Transportation Authority
 San Francisco, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the San Francisco County Transportation Authority (Transportation Authority), a component unit of the City and County of San Francisco, California, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Transportation Authority's basic financial statements, and have issued our report thereon dated November 7, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Transportation Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Transportation Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Transportation Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Transportation Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an

opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macias Gini & O'Connell LLP

Walnut Creek, California
November 7, 2014

**Independent Auditor's Report on Compliance for Each Major Program and
Report on Internal Control over Compliance Required by OMB Circular A-133**

Board of Commissioners
 San Francisco County Transportation Authority
 San Francisco, California

Report on Compliance for Each Major Federal Program

We have audited the San Francisco County Transportation Authority's (Transportation Authority) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Transportation Authority's major federal program for the year ended June 30, 2014. The Transportation Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Transportation Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Transportation Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Transportation Authority's compliance.

Opinion on Major Federal Program

In our opinion, the Transportation Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the Transportation Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Transportation Authority's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Transportation Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Macias Gini & O'Connell LLP

Walnut Creek, California
November 7, 2014

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2014

Program Description	Catalog of Federal Domestic Assistance	Grant No.	Grant Approval Date	Approved Federal Award	Federal Expenditures			Amount Provided to Subrecipients
					Cumulative Expenditures July 1, 2013	July 1, 2013 through June 30, 2014	Cumulative Expenditures Through June 30, 2014	
U.S. Department of Transportation, Federal Highway Administration:								
Highway Planning and Construction								
<i>Passed through - Metropolitan Transportation Commission</i>								
<i>Surface Transportation Plan (STP):</i>								
Transportation Planning and Programming ⁽¹⁾	20.205	C0002683	07/01/12	\$ 3,568,000	\$ 667,000	\$ 674,277	\$ 1,341,277	\$ 2,226,723
STP: Treasure Island Mobility Management	20.205	N/A	01/01/13	500,000	8,000	16,000	24,000	476,000
<i>Passed through - State California Department of Transportation</i>								
eFleet: Carsharing Electrified	20.205	CML-6272(033)	12/28/11	1,700,000	188,668	247,108	435,776	1,264,224
Integrated Public Private Partnership Travel								
Demand Management Program (TDM)	20.205	CML-6272(034)	04/25/11	750,000	345,948	230,751	576,699	173,301
San Francisco Value Pricing and Regulation Study	20.205	VPPL-6272(037)	08/17/12	480,000	14,661	131,308	145,969	334,031
Treasure Island Mobility Management	20.205	VPPL-6272(041)	08/15/13	480,000	-	150,577	150,577	329,423
Yerba Buena Island - Reconstruct Existing								
Westbound On and Off Ramps on East Side of								
Yerba Buena Island ⁽²⁾	20.205	BRLS-6272(023)	08/20/10	73,919,055	6,692,135	10,834,125	17,526,260	56,392,795
Yerba Buena Island Viaduct Structure # 1	20.205	STPLZ-6272(024)	09/10/10	218,967	184,584	6,816	191,400	27,567
Yerba Buena Island Viaduct Structure # 2	20.205	STPLZ-6272(026)	09/10/10	4,268,535	1,727,679	908,920	2,636,599	1,631,936
Yerba Buena Island Viaduct Structure # 3	20.205	STPLZ-6272(027)	09/10/10	2,115,897	979,030	312,729	1,291,759	824,138
Yerba Buena Island Viaduct Structure # 4	20.205	STPLZ-6272(028)	09/10/10	539,435	300,790	49,643	350,433	189,002
Yerba Buena Island Viaduct Structure # 6	20.205	STPLZ-6272(029)	09/10/10	527,874	343,056	68,829	411,885	115,989
Yerba Buena Island Viaduct Structure # 7A	20.205	STPLZ-6272(030)	09/10/10	150,321	132,197	2,900	135,097	15,224
Yerba Buena Island Viaduct Structure # 7B	20.205	STPLZ-6272(031)	09/10/10	191,163	143,277	5,894	149,171	41,992
Yerba Buena Island Viaduct Structure # 8	20.205	STPLZ-6272(032)	09/10/10	242,887	208,649	5,646	214,295	28,592
Total Highway Planning and Construction				89,652,134	11,935,674	13,645,523	25,581,197	64,070,937
Public Transportation Research								
<i>Passed through - State California Department of Transportation</i>								
19th Avenue Investment Study	20.515	74A0626	02/01/12	297,600	255,083	42,517	297,600	-
Balboa Park Circulation Study	20.515	74A0627	02/01/12	262,400	126,831	135,569	262,400	-
Geneva-Harney Way Bus Rapid Transit Feasibility Study	20.515	74A0716	03/01/13	300,000	6,034	88,466	94,500	205,500
Total Public Transportation Research				860,000	387,948	266,552	654,500	205,500
Total U.S. Department of Transportation, Federal Transit Administration				90,512,134	12,323,622	13,912,075	26,235,697	64,276,437
Total Expenditures of Federal Awards				\$ 90,512,134	\$ 12,323,622	\$ 13,912,075	\$ 26,235,697	\$ 64,276,437

Note: ⁽¹⁾ During fiscal year 2013/14, the Metropolitan Transportation Commission increased the STP Transportation Planning and Programming grant from \$2,795,000 to \$3,568,000.
⁽²⁾ During fiscal year 2013/14, the California Department of Transportation increased the award amount from \$8,299,687 to \$73,919,055.

See accompanying notes to the schedule of expenditures of federal awards.

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SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2014

NOTE 1 - GENERAL

The schedule of expenditures of federal awards (Schedule) presents the activity of all federal award programs of the San Francisco County Transportation Authority (Transportation Authority), a component unit of the City and County of San Francisco, California. Federal awards passed through from other governmental agencies are included in the Schedule.

NOTE 2 – BASIS OF ACCOUNTING

The Schedule is presented using the modified accrual basis of accounting.

NOTE 3 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the Schedule agree to or can be reconciled with the amounts reported in the related federal financial reports.

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SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2014

Section I Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
◆ Material weakness(es) identified?	No
◆ Significant deficiency(ies) identified?	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major programs:	
◆ Material weakness(es) identified?	No
◆ Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	No

Identification of major program:

Federal Catalog Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs:	\$417,362
Auditee qualified as a low-risk auditee?	Yes

Section II Financial Statement Findings

No matters were reported.

Section III Federal Award Findings and Questioned Costs

No matters were reported.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY
Summary Schedule of Prior Audit Findings and Questioned Costs
For the Year Ended June 30, 2014

There were no audit findings nor questioned costs for the year ended June 30, 2013.

**SAN FRANCISCO COUNTY
TRANSPORTATION AUTHORITY**

Report to the Finance Committee

For the Year Ended June 30, 2014

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Report to the Finance Committee

For the Year Ended June 30, 2014

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Sacramento

Oakland

LA/Century City

Newport Beach

San Diego

Seattle

Finance Committee of the Board of Commissioners
 Board of Commissioners
 San Francisco County Transportation Authority
 San Francisco, California

In planning and performing our audit of the basic financial statements of the San Francisco County Transportation Authority (Transportation Authority) as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Transportation Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Transportation Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Transportation Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given those limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not identified.

Additionally, we have included in this letter a report on communications with the Finance Committee (Committee) as required by auditing standards generally accepted in the United States of America.

This communication is intended solely for the use of the Board of Commissioners, Finance Committee and the Transportation Authority's management and is not intended to be and should not be used by anyone other than these specified parties.



Walnut Creek, California
 November 7, 2014

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Report to the Finance Committee

For the Year Ended June 30, 2014

REQUIRED COMMUNICATIONS

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the San Francisco County Transportation Authority (Transportation Authority) as of and for the year ended June 30, 2014, and have issued our report thereon dated November 7, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We communicated such information in our engagement letter dated May 8, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Transportation Authority are described in Note 2 to the basic financial statements. As described in Note 2(i) to the basic financial statements, the Transportation Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, GASB Statement No. 66, *Technical Corrections – 2012 – an amendment to GASB Statements No. 10 and No. 62*, and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. There was no significant impact to the financial statements as a result of implementing these new standards.

In addition, as described in Note 1(b) to the financial statements, the Transportation Authority adopted a new revenue recognition policy during the year ended June 30, 2014, and changed the availability period from 120 days to 90 days. The new policy more closely reflects the use of current resources to pay liabilities of the current period. The adoption of the new accounting principle resulted in a reduction in revenues reported in the Congestion Management Agency Programs by \$1.2 million and the Transportation Fund for Clean Air Program by \$0.4 million for the year ended June 30, 2014.

We noted no transactions entered into by the Transportation Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the accrual of compensated absences, the contribution requirements for pension and other postemployment benefits (OPEB), and the funded status of the OPEB plan. Management's estimate of the accrual of compensated absences is based on eligible employees' current pay rate and accrued hours and pension and other postemployment benefit plans' employer and employee contribution requirements and funded status (OPEB plan only) were based on actuarially determined studies. We evaluated the key factors and assumptions used to develop these estimates in determining that the estimates are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Report to the Finance Committee
For the Year Ended June 30, 2014

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The following summarizes the uncorrected misstatements of the financial statements:

Fund	Account	Debit	Credit
Sales Tax	Fund balance	\$ 2,521,904	
Sales Tax	Transfers out		\$ 1,516,437
Sales Tax	Revenue		\$ 1,005,467
CMA	Transfers in	\$ 1,516,437	
CMA	Revenue		\$ 1,516,437
TFCA	Fund balance	\$ 362,080	
TFCA	Revenue		\$ 362,080

To record the change in the governmental funds' availability period from 120 days to 90 days.

Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 7, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Report to the Finance Committee

For the Year Ended June 30, 2014

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Transportation Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information In Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the financial statements and our report does not extend beyond the financial information identified in our audit report. We do not have an obligation to perform any procedures to corroborate other information contained in these documents.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, the schedules of funding progress and employer contributions and the budgetary comparison schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedule of expenditures of federal awards, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.